

***United States Court of Appeals
for the Second Circuit***



APPENDIX

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN 06830
Tel (203) 869-0762

October 5, 1971

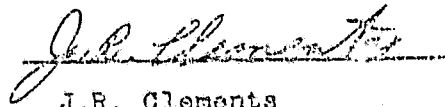
Dr. R.M. Hanes
17009 Warbrook Dr.
Olney, Md. 20832

Dear Dr. Hanes:

Thank you for your interest in Scotch Whisky Investments.
As requested, I have enclosed material which provides basic
information and hopefully answers some of the questions you
might have on this subject.

After digesting the material, should you have questions which
aren't covered, please feel free to contact me by phone or
mail. I'll be in touch with you within a week or two to assist
you in any way possible in making a decision regarding Scotch
Whisky Investment.

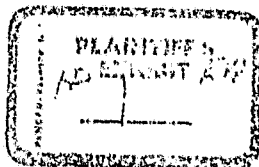
Sincerely yours,



J.R. Clements

Sales Representative

Milbank Trading Co.



Appendix

6

PAGINATION AS IN ORIGINAL COPY



10/9/71

MR. H...

Attached is a copy of the information I promised you regarding our credentials. I believe you can satisfy yourself as to the validity of Scotch Whisky investments by contacting the people listed.

I'll contact you on my next trip into your area.

J. R. Clements

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

October 20, 1971

Memo to all Representatives

From: Albert J. Deeb

The following information may be submitted to your clients so that they can check our credentials.

Milbank Trading Co. of Conn. Inc. banks with the Putnam Trust Co., Greenwich, Conn. (203)869-3000. Mr. Lloyd Heberling, Vice President administers our account.

We are presently recorded with the Connecticut office of Dun & Bradstreet, 900 Church St., New Haven, Connecticut. The telephone number is (203)772-1570. Mr. Tate or Mr. Smith will be happy to answer any of your client's inquiries.

We are also members of the Better Business Bureau, Metropolitan Area (212)349-0475

Sincerely,

Albert J. Deeb
President

called Balto. off. Dun & Brad. 11/18/71 - They do not have Williams in their records! Was told no info would be given to me over phone by Conn. office of D & B!

~~4509-3733~~
823-2130

SFC ~~755-2200~~
~~755-1166~~
~~755-1240~~

*Mr. Peter Romeo
off. of Chief Counsel
Dun Corp. Dun
SFC
500 W. Poy.
Wash 20549*



MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762



The Scotch Whiskey Industry has traditionally lived in fear of over-production and consequently the tendency has been to under-estimate future requirements. It has just been announced that two of the largest distillers, International Distillers and Vintners and Distillers Company Limited, are each building new distilleries with a view to doubling capacities. This is obviously a sign that earlier estimates for future requirements have been too low.

We ourselves think that this expansion will once again be inadequate to meet the demands that will grow in the future -- to quote a comparison we have used before, a modern automobile highway takes more than two years to plan and more than two years to build. As soon as it is open to the public, it is inadequate to meet the requirements of the unanticipated increase in traffic -- Scotch Whiskey cannot be used until it has matured for some years, so that the output from these new distilleries will not be incorporated into blends for distribution until at least 1976.

Until that time, the Industry has to make do with its present capacity in the face of ever-increasing demand; this relative scarcity will greatly enhance the profits of Investors who had the foresight to acquire Scotch Whiskey Parcels.

Special Note: As we go to press today (19th January) the London Financial Times and the Wall Street Journal publish the latest figures for Scotch Whiskey sales. The last reported month of 1970 shows a 40% increase in volume over the same month of 1969. This represents an accelerating trend as the year to date had been running at a 20% increase over the previous year.

THE DATA SOURCE FOR THIS REPORT IS THE WARDEN WALKER, WORLD-WIDE INVESTMENT COMPANY OF LONDON.

January 1971

11/24/71
Telecom: Dun & Bradstreet office Re-
no such company in Greenwich.

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

A SURVEY OF SCOTCH IN "SEVENTY"

As we enter the second year of the "Seventies", it is a fitting time to consider the progress which our Industry made last year, and to compare this progress with our year-old predictions for the decade.

INDUSTRY'S PROGRESS IN 1970

As we predicted, throughout the year the sales of Scotch increased dramatically. They are now running 22% above the previous period in the export field, which is the determining factor for the Industry. The Industry is now confident that this trend will continue for as long as we can see. In fact, it is most probable that Scotland's "liquid gold" will more than double its worldwide consumption by the end of the "Seventies".

The leaders of the Industry, such as Johnnie Walker and J & B Rare, are already confirming our predictions by their recent announcements that they are investing great amounts of capital in order to double their production facilities, contemplating a further boom.

THE AMERICAN MARKET

As we predicted, sales to America - the largest market for Scotch - have increased at a greater rate than ever before. 1970 saw a 15% increase in exports to the United States and the signs are that this progress will continue.

Economic Associates Limited, a respected body of economists, in a recently-published report, further predicted that by the end of 1979 the U.S.A. would account for 54% of the total Scotch Whiskey exports.

SIGNS OF SCOTCH SHORTAGE

We have for a long time been confident that by 1972 there will be an acute shortage of mature Scotch (Mr. Ian King, a Director of International Distillers and Vinters, who is responsible for the production of J & B Rare, recently confirmed our point when he stated that there could be a shortage of Scotch when the 1968 makes become ready for blending) This, of course, will benefit Investors in this commodity.

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel (203) 889-0782

Today's Record Record!

The London Financial Times (29th January, 1971) and the Wall Street Journal reported on the sale of Scotch Whisky for 1970. It achieved an all-time record. In exports only, the total sales were \$594,000,000.00, an increase of 16% over the previous year. 1970 was a year of distress, economic recession in several countries, vast slumps in stock markets, and financial stagnation in most industries. (What other industry can boast that its sales increased 16% in 1970?)

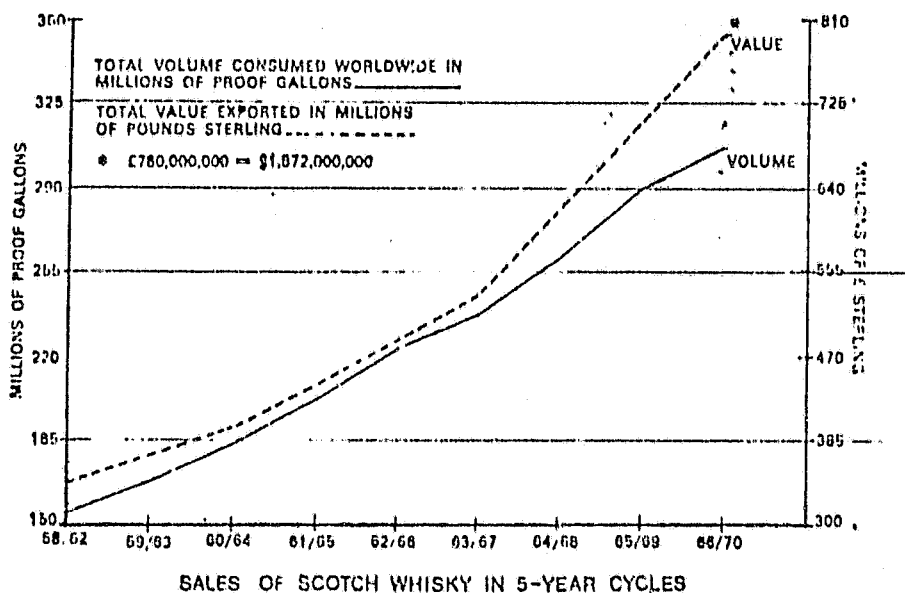
This 16% gain in 1970 comes on top of a 200% increase over 1960, showing a compound average of better than 10% per year. In spite of the recent recession, the 1960's were a decade of general growth, but what other industry can boast that it tripled sales in the past decade?

PRICE/AGE RELATIONSHIP

Per Original Proof Gallon as at 31st March

Year	New	4-Year-old	Ratio 4-Year/New
1971	\$2.20	\$4.65	211%
1970	2.05	4.30	209%
1969	1.90	3.90	205%
1968	1.85	3.60	194%
1967	1.96	3.18	163%
1966	1.96	4.30	220%
1965	1.96	5.28	270%
1964	1.92	5.00	261%
1963	1.89	3.43	181%
1962	1.89	3.25	172%
1961	1.89	3.18	168%
1960	1.89	3.95	209%
Average	\$1.95	\$4.00	205%

This chart shows that the Volume of Sales and the Value of Exports has been on an ever-increasing trend. Furthermore it shows that value, since the 1960 cycle, is increasing faster than volume. This reaffirms the belief that Scotch benefits from inflation whilst it does not suffer during deflation.



RESULTS OF THE PAST 24 YEARS

(\$10,000 Invested each year since 1948 in New Scotch Whisky Parcels (Malt and Grain) Profits made by selling Whisky Parcels 4 years later. Prices as at 31st March each year.)

\$10,000 BOUGHT				SOLD				
Year Sold	Year Bought	No. Gallons	Price Per Gallon	Price Per Gallon	Total Received	Less Accrued Rent	Net Received In Cash	% Net Profit
1971	1967	5102	\$1.96	\$4.65	\$23,724	\$1,020	\$22,704	127%
1970	1966	5102	1.96	4.30	21,938	1,020	20,918	109%
1969	1965	5102	1.96	3.90	19,897	1,020	18,877	88%
1968	1964	5208	1.92	3.60	18,748	1,042	17,706	77%
1967	1963	5290	1.89	3.18	16,848	1,058	15,790	58%
1966	1962	5290	1.89	4.30	22,773	1,058	21,715	117%
1965	1961	5290	1.89	5.28	27,957	1,058	26,899	169%
1964	1960	5290	1.89	5.00	26,476	1,058	25,418	154%
1963	1959	5290	1.89	3.43	18,144	1,058	17,086	71%
1962	1958	5290	1.89	3.25	17,218	1,058	16,160	62%
1961	1957	5390	1.85	3.18	17,167	1,078	16,089	61%
1960	1956	5390	1.85	3.95	21,317	1,078	20,239	102%
1959	1955	5494	1.82	5.32	29,228	1,099	28,129	181%
1958	1954	5390	1.85	7.20	39,320	1,078	38,242	282%
1957	1953	4962	2.01	8.60	42,698	993	41,705	317%
1956	1952	4494	2.22	6.78	30,469	899	29,570	196%
1955	1951	5602	1.78	5.47	30,642	1,120	29,522	195%
1954	1950	5131	1.84	5.32	28,908	1,086	27,822	178%
1953	1949	3636	2.75	5.16	18,779	727	18,052	81%
1952	1948	4508	2.85	6.53	22,924	701	22,224	122%
Average returned on \$10,000 Parcel held 4 years then sold							\$23,739	137%
Average Net Profit per annum							\$3434	34%

Current Quotations, U.S. Dollar Market

Age	Price per original \$1,000
New	\$1,000
1-year-old	\$1,100 to \$1,200*
2-year-old	\$1,200 to \$1,350*
3-year-old	\$1,350 to \$1,740*
4-year-old	\$1,740 to \$2,250*
5-year-old	\$2,250 to \$2,600*
6-year-old	\$2,600 to \$2,900*

(*according to exact age and composition)

DATA SOURCE: WARDEN WALKER WORLDWIDE INVESTMENT COMPANY, TRAFALGAR SQUARE, ENGLAND.

JULY 1, 1971

financial planning

Compliments of
Trust Department

THE
FIRST
NEW HAVEN
NATIONAL BANK

Three Ways to Invest: If you have a taste for the investment aspects of Scotch, there are three ways you can invest:

☐ You can take your Scotch straight—buy it as a commodity future, hold it for appreciation, and sell for capital gain profits after six months.

☐ With a minimum purchase of 500 gallons, you can buy a parcel of new Scotch each year for four consecutive years. At the end of four years, the first batch is ready for blending and trading. You can then expand your holdings by trading your mature Scotch for raw fillings in direct ratio to the market prices for each without paying out any more money, yet getting a tax-free exchange on your Scotch investment.

☐ You can buy raw fillings for four consecutive years. Instead of trading your mature whisky for a larger amount of raw fillings, you can exchange it for the monetary equivalent of the first year's lot and pocket the cash difference between the dollar value of new whisky and the kind you can belt down.

The last two methods can give you an annual dollar return averaging 25% of your capital outlay, as our illustration below points up. In both cases, your original investment remains intact dollarwise, although the last technique gives you immediate cash returns (in addition to appreciation) after the four-year waiting period.

Tax Picture: When you sell your Scotch after holding it for six months or more (normally after four years), it's nice to know that no matter how high your tax bracket may be, you're going to pocket most of the profit in the form of capital gains. There is no tax on the increase in value until a sale is made, much like the paper profit in the stock market. Unlike the stock market, however, there is neither a transfer tax nor a brokerage fee. The profit finally realized is treated as long-term capital gain

article shows you the power of capital gains.)

These deals are worked out in Great Britain. The picture we've given you is the position of a U. S. investor under U. S. tax laws. It's even better in Britain, since you won't have to pay any British tax at all if you are not a resident of Great Britain, are not in business there, or do not allow any British firm to hold the whisky for you in its own name. (Normally, the whisky is government warehoused in your name.) Internal Revenue won't even get after you for any interest equalization tax, since it doesn't apply to the purchase of immature Scotch.

How Money Can Double in Four Years: Here's an example of how your investment can double your money in four years:

Cost of new grain fillings (1960—1,200 gals. at \$1.75)	\$2,100.00
Storage charges (at 4 to 7¢ a cask per week for 4 years (5.5¢ average x 208)	11.41
Insurance (General .2¢ per gal. per year (.02 x 1200 x 4)	96.00
(Title .125% of the value of the whisky times 1.3 years for 4 year term charge (1.25 x \$2,100 x 1.3))	34.91
Cask costs (10 butts at \$24.00) ...	240.00
Total Cost of Purchase	\$2,482.31
Sale price of mature grain (1964—1,200 gals. at \$5.10)	\$6,120.00
Cask costs refund	240.00
Gross Sale Price	\$6,360.00
Net profits before tax	\$3,877.69
Less U.S. capital gains tax	969.41
4-year Profit on \$2,482 Invest- ment	2,908.28
Total Value of Investment in Scotch in Four Years (less cask costs refunded)	\$5,150.59

Pitfalls: Don't allow this example of the profit potential to cloud your judgment. Give the following some sober thought:

☐ You can't drink your Scotch. If the bottom falls out of the market, you're stuck even with this liquid investment.

What's In Scotch Besides A Kick? Money

By JAMES T. PRIOR
Business Writer

Scotch is more of a liquid asset than you might have imagined.

Buying new raw Scotch whisky and holding, selling, or trading it has produced a profit every year without exception from the end of World War II with gains averaging better than 25 per cent a year.

The Scots have been distilling whisky for more than 500 years and Scotch whisky can only be made in Scotland. Scottish law requires that the whisky be aged for a minimum of three years; and none can be exported to the United States unless it has been in storage for four years. The investment gain is in the aging process.

Some Scotch whiskies are aged up to 25 years. This dormant inventory has to be financed and there are many avenues open to the industry. In the last 10 or 12 years the small investor has been able to join the group of backers which had been confined to Swiss banks and investors such as the late Joe Kennedy.

\$1,500 A Year

Since World War II, the worldwide demand for Scotch has grown so rapidly (during the period from 1955 to 1969 world consumption of Scotch increased from 14 million to 70 million gallons per year) that the investment base for needed capital has expanded. Now you can become a Scotch investor for as little as \$1,500 a year.

It had been the practice for years that an investor had to get the raw Scotch, barrels, insurance, and warehouse space himself. Now whisky investment companies do all the

work and quote a client one price for everything.

Such a broker is Jack Roesler of Hillsdale, who together with Major Rudenzey of Hillsdale and Louis Conte of Bergenfield, operate RR&C Inc., from Conte's Fair Lawn office. Roesler is also associated with Sage Consultants of Irvington, mutual fund brokers.

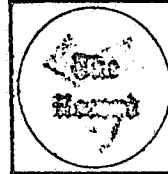
"There's no safer investment," he claims. "At the end of the four-year period, you can exchange the matured Scotch for raw Scotch, or fillings as the new Scotch is called, on a 2-for-1 basis, and begin again with twice as much Scotch, or you can sell it at the end of four years for capital gains profit. And there is no tax on the increase in value until a sale is made, just like the paper profit in the stock market."

No Brokerage Fee

Unlike the stock market, however, there is neither a transfer tax nor a brokerage fee. The profit finally realized is treated as long-term capital gain, which means that no matter how high your tax bracket may be, you get to pocket most of the profit.

Roesler says he is recommending the Scotch investment for people with small children as a college education fund and to others as a retirement fund.

As an example, a 500-gallon purchase would be \$1,500. You would pay 10 per cent with the order, or \$150. Thirty days later when the papers come through, you pay another \$150, and 30 days after that, another \$150, for a total \$450. The balance of \$1,050 can be financed through a bank in nine months, with eight payments



Business

of \$121.91 and one payment of \$121.97. The total interest charge would be \$47.25.

Your \$1,500 would bring you \$3,000 in four years, based on past performance, Roesler says.

Unmatured whisky is the newly distilled malt, blend or

grain. Malt is the fundamental ingredient; its robust and distinctive flavor is what distinguishes Scotch from other spirits. Zero age blend, or raw whisky, represents the marriage of malt and neutral grain at the point of distillation. Distillation of malt is a

time-consuming and highly involved process.

At maturity it may be bottled without further blending. Grain's primary function is to serve as a dilutant to the more powerful and heavier malt.

Aging and maturing in wooden casks is done under strict regulation. The casks are numbered and stored under the supervision of the British government's Customs and Excise Department. When an investor buys the whisky, he actually purchases a specific, segregated quantity of Scotch in casks. The casks are

then registered under his name.

If you purchased 1,200 gallons at \$2 per gallon back in 1960, you'd have paid \$2,400. Storage charges for four years would have been \$274.56; insurance, \$130.94; the casks, \$288; for a total \$3,093.47.

The sale in 1964 would have brought back to you \$6,240 or \$5.20 per gallon. A refund on the casks of \$216 would have brought the gross sale price to \$6,456. Thus the net profits before capital gains tax would have been \$3,362.53 — more than double your money in four years.

Suppose you invest in Scotch whisky . . .

. . . or in autographs or coins or oil explorations.

Can such offbeat investments really net you as much as 20%?

PLENTY OF PEOPLE sink their savings into Scotch whisky, but most do so one drink at a time. A small minority, however, buy it by the barrel and never touch a drop. They do it for money, speculating in Scotch bought while it's still "green" and expecting to sell it at a handsome profit after it ages. What gives them faith is the fact that four-year-old whisky, on the average, has been worth roughly twice as much as newly distilled Scotch during much of the last two decades.

Anyone who shares the faith and has a few thousand dollars can play the game. Through a broker, you buy casks of zero-age Scotch stored in a government-supervised warehouse in the United Kingdom, take out insurance against fire and other calamities, then sit tight. At the end of three or four years, possibly longer, you sell

out, either using the proceeds to buy still more zero-age or older whisky, or pocketing your gains. Profits aren't taxable in Great Britain unless you live there, and they are considered to be capital gains here.

J. R. Clements
8 Wooded Lane
Media, Pa. 19063
215 406-3014

Mr. Lester Herbert
U.S. Dept. of Commerce

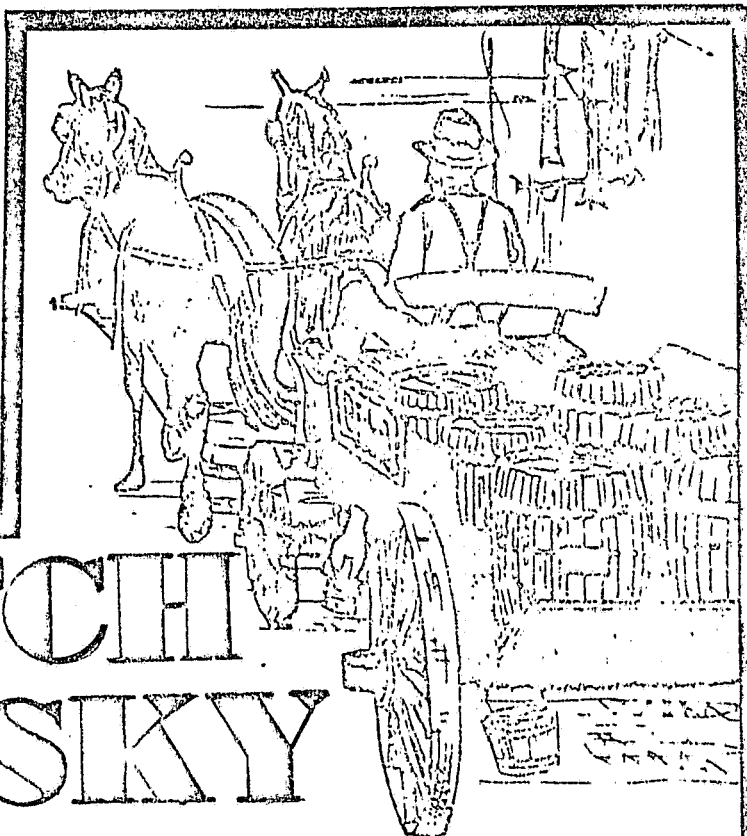
Scotch Whisky Assoc.
27 Half Moon St.
London W1

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7



SCOTCH WHISKY

an intriguing, new way to invest

Scotch Whisky investments for
possible Long Term Capital Gains

1. What is Scotch Whisky Investment?

Simply stated, investing in Scotch Whisky is buying a parcel of Scotch whisky which is raw (newly-distilled); owning while it remains and matures in a Government Bonded warehouse for up to 48 months, then selling it for capital gains. Mature parcels have always been worth more than raw parcels at any given moment for the past 150 years. Therefore, Scotch Whisky Investment has proved itself to be quite attractive. The report on the following pages attempts to disclose a full presentation of facts which the cautious investor requires in order to profit by placing part of his capital into Scotch Whisky Investment.

2. Introduction

Investing in Scotch whisky as a commodity has given many individuals high capital gains for the past one-hundred and fifty years. A letter in the files of the Warden Walker Worldwide Investment Company, from an elderly American investor in the State of Connecticut, says, in part:

"As my father did before me, I have been investing in Whisky for the past 50 years. My family and I have been buying new Whisky almost every year for the past 100 years and selling it as it becomes mature. We have often made unbelievable profits and in bad years we never made less than 10 percent."

A leading American business magazine, reviewing this type of investment, reported: "The only sure way to earn 10 percent on your money is to buy Scotch by the case." This crack, which used to turn up in the routines of nightclub comedians, today comes pretty close to describing a real investment opportunity -- one that is also available to non-drinkers."

"Investing in Scotch means investing in the liquor in casks in warehouses in Great Britain. Typically, the investor holds it over a period of years while the Scotch ages and thereby becomes more valuable. The industry in Great Britain had always financed this operation by selling the green whisky to individuals with capital and then buying it back at a higher price when it is saleable in the U.S." (Fortune Magazine)

3. Scotch Whisky as a Commodity for Investment

Investing in commodities for profit and for the preservation of capital against inflation and devaluation is, of course, a well-established practice throughout the world. There is active trading in a great variety of goods from metals to

frozen pork bellies. Trading in spirits is one of the oldest economic activities in America. Indeed, as the Wall Street Journal remarked, there are four companies in the liquor business today which started dealing in spirits while the United States was still in Thirteen Colonies.

For many generations, trading in spirits was conducted by a relatively few professions in Scotland. However, in the past 20 years, the number of private individuals all over the world investing in Scotch Whisky has been increasing sharply every year. Now it may be said that there are owners of Scotch Whisky Investment in every State of America and every country in the Free World. Mostly by word of mouth, individuals from Alaska to Zambia have come to expect capital gains by investing in Scotch whisky, holding it as it ages, then selling.

4. Distinction Between Securities and Whisky Investment

In investing in securities, generally one buys a share of a corporation and relies on the ability of the management. In investing in Scotch Whisky, one actually buys a specific quantity of Scotch (generally freshly distilled, always dated as to the exact date of distillation) in specific casks which are specifically marked for the owner and stored under Government supervision until such time as he chooses to sell his Whisky Parcel.

5. The Economic Nature of Scotch Whisky Investment

Under British Law, Scotch Whisky must be aged in Government Bonded Warehouses for at least three years before it is allowed to be offered for consumption as Scotch. Under American Law, no Scotch Whisky is allowed to enter the States unless it has been aged in British Bond for at least four years.

Scotch is distilled by 130 distilleries, each of whose product differs from all others in varying degrees. Virtually all bottled Scotch is a blend of "single" Whiskies from as many as 40 distilleries which are blended together to produce the finished products. There are a great number of blenders and relatively few distillers. Some of the biggest blenders and brand names do not own a distillery and every distillery which owns a blend has to buy "singles" from other sources in order to meet its blending needs. Thus, an enormous amount of trading takes place within the industry.

It should also be pointed out here that the Scotch Whisky Industry is unique in that it is probably the only industry which sells everything it produces. All Scotch is distilled only "by programme" (that is to say, after it has been ordered). Thus, there is never any unsold Scotch on the market and no distiller ever has to "dump" his product the way Henry Ford

had to "dump" the Edsel, for example. Furthermore, there is an old Scottish expression which says, "Although some may be better than others, there are no bad Scotch Whiskies". This proverb means that all Scotch Whisky is useable; even if one batch may not be desirable by itself, that same batch will be valuable for blending into a beverage which will be desirable and sold at a profit.

Because Scotch must be aged, a tremendous amount of capital becomes tied up in inventory. This inventory must be financed. This inventory is financed generally by a combination of the Blender's own capital, bank loans, Stock Exchange financing, deals with institutions such as Pension Funds, and sales to private investors. By selling inventory to private investors, the blenders enjoy a three-fold advantage; they realize cash with which to carry out their routine business operation, they make a profit on the sale, and they are able to avoid high interest charges.

As it ages and matures in wooden casks in Government Bonded Warehouses, Scotch Whisky increases in value. Obviously, the closer it is to the day when it reaches the blending market and the wholesale and retail market, the greater is its inherent value.

This increase in value relative to age is the secret of the profits in Scotch Whisky: a four-year-old Scotch Parcel averages to be worth more than twice as much as a new Parcel at any given moment. Prices and price relationships change, as in every other market, but the one unchangeable fact of life is that, at any time, no matter what happens, a fully mature Parcel is worth more than a younger one.

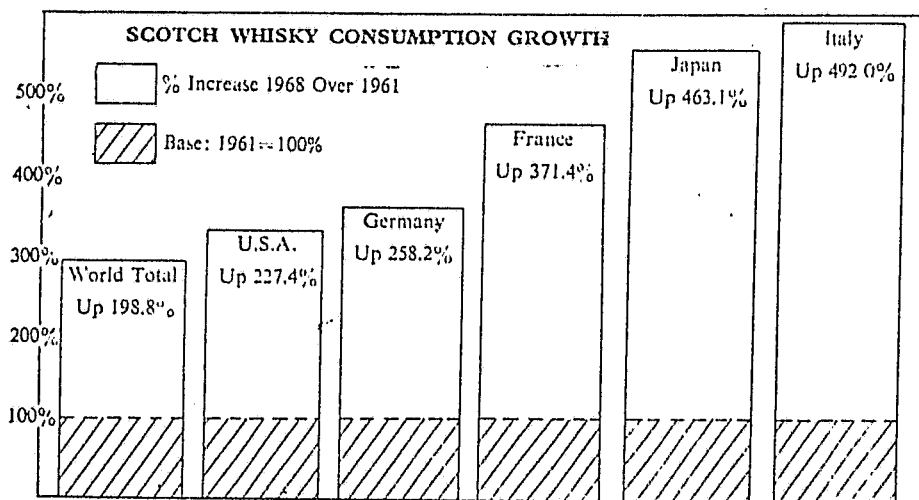
6. Worldwide Trends in Scotch Whisky Consumption

Worldwide consumption of Scotch Whisky has increased every year without exception since production was resumed after the end of World War II. The rate of growth in sales of Scotch has astounded even the optimists.

Scotch is sold virtually throughout the entire world. America, the largest market for Scotch Whisky has been growing spectacularly both in volume of sales and as a percentage of total spirits consumed. Just twenty years ago, it was consumed only in a few of the major U. S. cities but now Scotch is a household word through all the States and it is growing faster than Bourbon or Rye or the American Blends. This trend will continue, as the largest Bank in the world, the Bank of America, remarked in a special report on the Distilled Spirits Industry: "Total consumption in the next few years can be expected to continue on an upward trend as the 20 million children born during the war and early postwar period reach their majority. Per capita consumption will probably continue upward also, in line with a 7 year trend. This factor, coupled with the

growing population is certain to expand total consumption." (See Distilled Spirits Review and Outlook published by Bank of America.)

All of the major markets have been increasing as a glance at the chart will reveal. But the most spectacularly encouraging trend is in the non-English speaking world. This represents a broadening of the worldwide market for the product and gives it a healthy basis for further diversification and expansion.



There are many factors which indicate that worldwide consumption of Scotch Whisky will continue to increase: Rising world population, increasing disposable income, greater leisure, energetic salesmanship of the industry, the favorable attitude of the British Government towards dollar-earning exports and other factors are extremely encouraging to those who have invested in this billion-dollar industry.

"The latest (worldwide sales) figures illustrate more forcibly than ever that a taste for Scotch Whisky follows prosperity and that demand for Scotch throughout the world is nowhere near saturation."

The international treaty covering Import Duties (the so-called "Kennedy Round" of GATT, General Agreement on Tariffs and Trade) relative to U.S.A., Great Britain and the Common Market countries, has set in motion a gradual reduction of import duties on Scotch Whisky. By 1972 American Import Tariffs on Scotch will be reduced by 50% and in the Common Market, the reduction will also be substantial. These tax reductions will

certainly help to increase the sale of Scotch in these two big markets.

The latest figures available indicate that Americans consume about 1½ gallons of Whisky per person per year and that Western Europe consumes about .4 (four-tenths) of a gallon. Consumption in Western Europe in the post-war years has been increasing sharply; if Western Europe catches up to the level of American consumption per person then the demand of those countries would actually cause an acute shortage. The Industry is becoming more aware of this tremendous potential and is increasingly promoting this market with advertising, Official Trade Missions, personal visits, etc. While we cannot accurately predict the ultimate growth of this market, we are extremely optimistic. Even General de Gaulle, who was never noted for his affection towards things British, remarked at a German meeting, "Scotch Whisky appears to be capturing the world". (Reported in "Der Spiegel", August 14, 1967, page 20.)

7. Production-Consumption Relationship

While the "bulls" are saying that worldwide consumption will double by 1973, the "bears" are saying that there is too much production. As a matter of fact, bearish opinions have been expressed in the trade for many years. Therefore, it may be appropriate here to mention certain basic incontrovertible facts regarding consumption and production:

- 1) Scotch production is at an all-time high and so is consumption. However, today's production cannot be offered for consumption until it has aged for several years. (Blenders do not reveal the age and composition of their blends; but the general opinion in the industry is that the average age of all Scotches sold is about five years.) Therefore, today's consumption should be compared with the production of five years ago. Five years ago production seemed alarmingly high to the "bears" and yet history proved that they were wrong as the industry went on to break all previous sales records.
- 2) While production is at an all-time high, it should be remembered that Scotch is distilled to meet the orders and requirements of cash customers, the blenders. The blenders pay hard cash to have distillers distill for them. If the J. & B.'s and the Cutty Sark's did not expect to break new sales records within the coming few years, they certainly would not be paying hard cash today to build greater inventories of raw whisky to age...A journey through Scotland or a reading of the trade journals reveals that all the major blenders

are spending hard cash to expand their blending and bottling capacities. Money talks: and what Scotch money (the hardest of all hard money) is saying is that the future will be better than the past...Indeed, the Scotch Whisky Association, which embraces more than 90% of Scotland's distilling and blending capacity, sent a letter to all Members of Parliament stating that the industry has set itself a target of doubling world sales of Scotch by 1974. It is entirely possible that the coming cycle of demand for Scotch may well, again, find an acute shortage of aged Scotch and will therefore place owners of the commodity in a most favourable position.

8. Ready Marketability and Availability of Price Quotations

There is a market for Scotch Whisky of all ages, from 1-day old to 32-years old. The keenest market is for Scotch which meets the legal minimum age requirement for the largest market (America), that is to say the 4-year-old market. Therefore, from a profit point of view, one should invest in new Scotch with the objective of holding it for 48 months in order to derive maximum capital gains.

Therefore, there is no established Whisky Exchange such as a Stock Exchange. The market more nearly resembles the American Over-the-Counter Market. Concentrated in London and Glasgow, this market operates throughout the world by telephone, cable and air-mail.

9. The Two Types of Scotch Single Whisky

Although there are 130 distilleries, there are only two different methods of distilling Scotch: the "pot still" which produces Malt Whisky and the "patent still" which produces Grain Whisky. The "pot still" method has been in use, unchanged for many hundreds of years, while the "patent still" method is less than 150 years old. While both use basically the same raw material, the structure of the still and the treatment of the barley, etc., produce two highly different types of Whisky. By itself, neither of these two is commercially acceptable to the world market, "Malt" being too "heavy" and "Grain" being too "light" for most consumers' tastes. Over 100 years ago, it was learned that blending mature Malt with mature Grain produced a blend which was highly acceptable to worldwide consumer taste. There are more than one thousand blends owned by blending companies and they all keep their formulas secret. But it is known by everyone that all blends contain both Malt and Grain.

Malt is more expensive to distill than Grain and consequently trades at higher prices than Grain. From an investment point of view, the markets in Malt and Grain run more or less parallel in the long run although there, of course, are relatively short periods when one or the other shows a higher rate of return. Both Malt and Grain have their partisans but, over a

long period of time, both have fared equally well in terms of profits.

10. Documents of Ownership

When you buy a Whisky Parcel, it is already in a Bonded Warehouse under Government Seal and is the property of the seller. Upon receiving your payment, the seller issues a "Delivery Order" to the Warehouse instructing the Warehouse, which is the only Government-licensed Registrar & Transfer Agent, to transfer ownership from him to you.

The "Delivery Order" is made out in your name and you endorse it and it is sent to the Warehouse Officer. The Warehouse then has a copy of your signature and will honour only your signature when comes the time you choose to sell your investment.

Together with the "Delivery Order" you also receive "Specifications", a listing of the contents and of the unique markings on each Cask which identify your property having been recorded by the Bonded Warehousekeeper and according to the Books of the Government Customs & Excise Control. After the Warehouse receives your "Delivery Order" endorsed by you, it issues a "Warrant" which certifies that it is holding your property for you under Government Seal.

11. Transferability and Negotiability

Scotch Whisky is easy to buy and easy to sell. The document of title (i.e. Delivery Order) is in non-negotiable form for the protection of the purchaser. Whenever you sell, assign, transfer your ownership you, in effect, cancel your original document and issue a new document to reflect the new owner. This is done easily and there is no fee on any transfer.

12. Taxes

A non-British person is exempt from both income taxes and capital gains taxes in Britain on profits in trading in Scotch Whisky unless he has a home or does business in Britain. This has been established by Law.

An American is exempt from income taxes and only pays the lower rate capital gains tax in America on profits made in selling Scotch Whisky held over six months.

An American who increases his volume of holdings by exchanging aged Whisky for a greater amount of immature Whisky is not liable to certain tax-free exchanges of Real Estate. Taxes may, therefore, be deferred indefinitely. This can be of particular importance to individuals arranging their affairs for retirement or estate distributions.

13. Currency and Foreign Exchange Regulation

All prices are quoted in Dollars equivalent to British Pound Sterling at the official Rate of Exchange at the time.

In connection with the 1967 devaluation of the Pound, it might well be pointed out that all modern countries, even America, have had occasion to devalue their currencies in response to changed conditions. However, investors have always been able to protect their capital by owning commodities which have basic intrinsic value such as gold, whisky, tin, soya beans, etc. History has proven that whenever a currency becomes worth less than previously, the market prices of commodities rise correspondingly to cancel out the effect of devaluation.

14. Insurance

The Government requires that all Scotch Whisky in Bonded Warehouses be protected by insurance and the Warehouses automatically insure the whisky at the cost price against the common risks, such as loss by fire, flood, etc.

However, since investors keep their Whisky in Bond for years and since the value increases as it gets older, investors insure their property with Lloyds of London which issues Insurance Policies that cover All Risks and insures the expected increase in value. Lloyds of London issues a Policy called "Whisky All Risks Insurance" which is the most comprehensive Policy available. Under this protection, if a loss were to occur in the first year of investment, Lloyds of London would pay cost plus 10%; in the second year -- cost plus 50%; in the third and fourth years -- cost plus 100%, and a second policy to protect the investor against fraud, error or omission at 200% of the declared value. The charge for this insurance for four years is included in the original price schedule.

Lloyds issues the Certificates for a minimum of four years because virtually all Investors intend to hold for at least four years. At the end of four years the Insurance is automatically renewable for a small fee each year for as long as the owner keeps his Parcel...Although we are not in the insurance business, we do arrange for this protection to be issued by Lloyds. We do this as a free service to our clientele.

15. Evaporation

The process of ageing and maturing Scotch requires that the Whisky be stored in oak casks which permit the distillate to "exhale" certain impurities inherent in distillation. As the exhalation takes place, Whisky evaporates at a declining rate (4% in the first year, 3% in the second, 2% in the third, and lesser rates thereafter). However, this evaporation is of no

concern to the investor since the unit of trade is the O.P.G. (Original Proof Gallon). The investor who buys Original Proof Gallons will later sell Original Proof Gallons even though Original Proof Gallons represents approximately 10% less in volume after four years. Prices quoted are in O.P.G.'s to buy and O.P.G.'s to sell.

16. Warehousing

By British law, Scotch Whisky must be aged in Scotland for at least three years before it may be offered for consumption in Britain; under American law, it must be aged in Scotland for at least four years before sale in U.S.A. Therefore, when the new Whisky is filled into casks, the casks are certified and recorded by the Bonded Warehousekeeper and filled into casks, the casks are certified and recorded by the Bonded Warehousekeeper and filed in the Record Book of H.M. Customs & Excise Control. These records, commonly called "Specifications" (or Spessies" in the trade), certify the number of each cask, its contents by volume, its alcoholic strength by proof, and the total number of Original Proof Gallons in each cask. The Specifications also certify the date and place where said Whisky was distilled and the name and location of the Warehouse wherein stored.

The Scotch Warehouses are privately owned and Bonded by the Government Customs & Excise Control. In addition to being responsible for the Whisky and assuming liabilities for such safekeeping, the Warehouse performs other functions under the terms of its license. For Example, the Warehousekeeper is the only licensed Transfer Agent and issues the Warehouse Warrant which confirms that legal ownership has been transferred whenever Whisky in Bond is sold, pretty much as an American Bank will act as Transfer Agent when shares of corporate securities are sold.

17. Wood (Casks or Cooperate)

The fillings (as immature Whisky is known in the trade) are stored in wooden casks wherein they mature. The casks are re-used repeatedly and the Whisky-owner does not actually own the wood but rather places a deposit on each cask and receives the deposit back when he sells the Whisky subsequently. The wood, naturally, is worth more than the deposit.

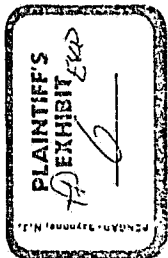
The investor does not specify the type of wood but this is immaterial since the deposit is returned in full upon sale.

18. Original Proof Gallon: Definition

The unit of trade is the O.P.G. (Original Proof Gallon). One O.P.G. means that quantity of Scotch which, on the day it was distilled, equals one British Imperial Gallon (six-fifths of an American Gallon) of Whisky at British Proof strength (which equals 114 Proof on the American Scale). Scotch is always distilled Over Proof and, after maturing, is reduced to the proof strength desired in each market. One thousand Proof Gallons makes 600 cases of 86 proof Scotch.

By up also

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MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel (203) 869 0762

CURRENT PRICING SCHEDULE

Effective - September 1, 1970

Note: Current pricing is at \$2.60 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,300	150	\$19,500
20	2,600	200	26,000
30	3,900	250	32,500
40	5,200	300	39,000
50	6,500	400	52,000
60	7,800	500	65,000
75	9,750	750	97,500
100	13,000	1000	130,000

Special Note:

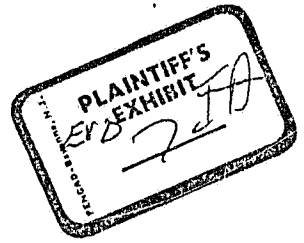
This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for four years, two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.

Buy up also

Exh 59 Exh 3

MILBANK PROGRAM



- MINIMUM PURCHASE OF TEN BARRELS
 - @ \$2.60 PER GALLON = \$1,300
 - "NO ADDITIONAL CHARGES"
- YOU RECEIVE:
 - ORIGINAL SALES ORDER
 - RECEIPT FOR NUMBER OF BARRELS, AMOUNT AND
REGISTRATION NUMBERS OF EACH BARREL WITHIN
TEN DAYS
 - COPY OF WAREHOUSE-KEEPER'S RECORDS WITHIN
TEN DAYS
 - INSURANCE CERTIFICATES WITHIN 90 DAYS
 - MILBANK INSURES YOUR PURCHASE DURING THE 90 DAYS
 - TRANSFER CERTIFICATE ISSUED BY DISTILLERY,
CONFIRMING REGISTRATION AND TRANSFER
 - PERIODIC INFORMATION ON SCOTCH MARKET
- YOU WILL BE CONTACTED WHEN SCOTCH REACHES MATURITY
- MILBANK WILL ASSIST IN THE SALE OR EXCHANGE
 - NO FEE
 - NO COMMISSION

MILBANK TRADING CO., OF CONN. INC.
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GREENWICH, CONN. 06830
Tel. (203) 869-0762

- BY THE BARREL, AT "CURRENT PRICING SCHEDULE"
- PRICE REPRESENTS TOTAL INVESTMENT FOR MATURING PERIOD, AND INCLUDES:
 - ADMINISTRATION AND SALES COSTS, COMMUNICATIONS HANDLING AND COOPERAGE
 - WAREHOUSING FOR FOUR YEARS
 - INSURANCE (2 POLICIES FROM LLOYDS OF LONDON)
 - AGAINST FRAUD, ERROR OR OMISSION, AT 200% OF INVESTMENT ON PART OF WAREHOUSE-KEEPER
 - AGAINST PHYSICAL DAMAGE WHILE IN GOVERNMENT BONDED WAREHOUSE, AS FOLLOWS:
 - 110% - FIRST YEAR
 - 150% - SECOND YEAR
 - 200% - THIRD YEAR
 - 200% - FOURTH YEAR
- NO FEE OR COMMISSION ON FINAL SALE OF HOLDINGS

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A SURVEY OF SCOTCH IN "SEVENTY"

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Economic Associates Limited, a respected body of economists, in a recently-published report, further predicted that by the end of 1979 the U.S.A. would account for 54% of the total Scotch Whiskey exports.

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We ourselves think that this expansion will once again be inadequate to meet the demands that will grow in the future -- to quote a comparison we have used before, a modern automobile highway takes more than two years to plan and more than two years to build. As soon as it is open to the public, it is inadequate to meet the requirements of the unanticipated increase in traffic -- Scotch Whiskey cannot be used until it has matured for some years, so that the output from these new distilleries will not be incorporated into blends for distribution until at least 1976.

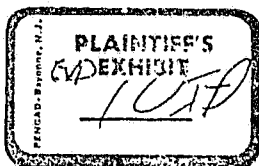
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Special Note: As we go to press today (19th January) the London Financial Times and the Wall Street Journal publish the latest figures for Scotch Whiskey sales. The last reported month of 1970 shows a 40% increase in volume over the same month of 1969. This represents an accelerating trend as the year to date had been running at a 20% increase over the previous year.

THE DATA SOURCE FOR THIS REPORT IS THE WARDEN WALKER, WORLD-WIDE INVESTMENT COMPANY OF LONDON.

January 1971

1/24/71
*Telecom: Dun & Bradstreet office has
no such company in Greenwich.*



MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN 06830
Tel (203) 869-0762

P.D. G.H.I.

Distilled Choice Liquor
PURCHASE ORDER RECEIPT

*NOTE: this was
the way advertised,
but actual
Purchase Order
Receipt lists
"Distilled Superior
New Grain Scotch
Whisky" —
not D.C.L.!*

City _____ State _____ Zip _____ Date _____

RECEIVED OF _____ \$ _____

STREET ADDRESS _____

IN PAYMENT OF D.C.L. () barrels of fifty (50) Proof gallons each,
(more or less) at \$2.60 per gallon of DISTILLED CHOICE LIQUOR NEW GRAIN SCOTCH WHISKY
FILLINGS.

Distilled in _____ . Price includes Cooperage, Insurance, and Warehousing
for four years.

TO BE REGISTERED IN THE NAME OF _____

CONFIRMATION, TITLE, AND SPECIFICATIONS WITHIN TEN (10) DAYS. ALL OTHER DOCUMENTATION
TO BE COMPLETED WITHIN NINETY (90) DAYS FROM DATE HEREOF.

MILBANK TRADING CO., OF CONN. INC.

P. J. E. H. D.

Let's Drink to That!

Here's a worldwide growth market where entry is difficult and one company has 70% or so of the business. No, we're not talking about IBM but about Britain's Distillers Co. Ltd.

OPERATING out of a headquarters building built in 1774 and facing St. James Square in London, the men who run Distillers Co. Ltd. (no relation to Distillers Corp.-Seagrams) like to convey the impression that they are 19th-century gentlemen who through happenstance are forced to engage in commerce. Ask them about their market share, for example, and the room temperature drops about 40 degrees Fahrenheit. As *FORBES'* London correspondent puts it, you feel you've been caught spitting on the antiques.

But don't be fooled. Under Chairman A.F. McDonald, a big, burly Scotsman, Distillers Co. Ltd. is a very up-to-date marketing machine. The gentlemen at Distillers Co. know their market share to a decimal point, while they won't say what it is, the trade estimates it at 55% to 60%. That's a nice piece of a very nice market—especially since only Scottish distillers can call their product scotch.

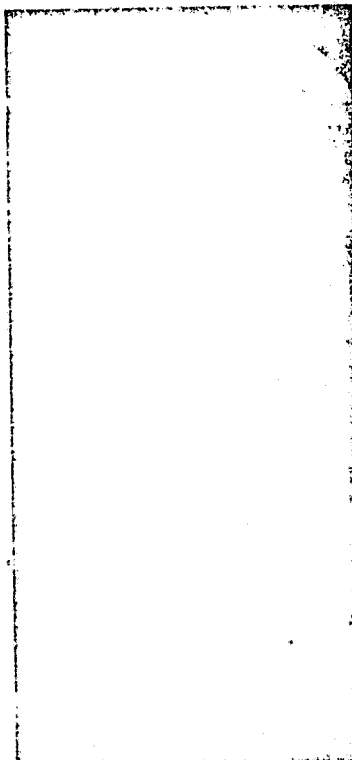
What do you drink? Johnnie Walker? That's a DCL whisky (sales in the U.S. last year: more than 1.75 million cases). Dewar's White Label? Another DCL whisky (U.S. sales: 1.65 million cases). Haig & Haig? Black & White? White Horse? Vat 69? Crawford's? They're all DCL whiskies.

LOSE SOME, WIN BIG

None of them, however, are marketed in the U.S. by DCL. In a sense, DCL loses by this: The distributor ends up with a large chunk of the profit. But DCL probably gains a lot more than it loses. By cutting every major distiller into the distribution of its brands, DCL guarantees that these big distillers are pushing DCL brands rather than developing their own. In effect, these canny Englishmen keep competition out by cutting the competition in. Says a DCL spokesman: "This is our practice all over the world, not just in the U.S." Why? Skirting the question of cutting the competition in, he puts it this way: "They know the market better than we do. And since they distribute other products, they can distribute ours with less overhead."

Though it's scotch that makes DCL shareholders tingle and glow, the company has not overlooked the martini drinker. High & Dry, Gordon's and Booth's are DCL gins. Cossack is a DCL vodka. DCL also makes Australian whisky and Australian brandy.

Not only does DCL dominate the scotch market, it's the largest distilling



DCL's carefully cultivated image is of leather, mahogany and gentlemen's clubs, but it's also among the sharpest marketing outfits around.

company of any kind in the world. Sales in fiscal 1969 amounted to \$917.8 million, of which \$536.9 million came from whisky, gin and vodka. The largest distiller in North America, Montreal-based Distillers Corp.-Seagrams Ltd., rang up sales after subtracting excise taxes of \$599 million last year. Moreover, DCL is easily the biggest profitmaker in the world liquor business. It netted \$125 million before taxes, 15 cents on the sales dollar. By contrast, Distillers Corp.-Seagrams netted just over 7¢ pretax.

DCL can be, and is, a very hard-nosed competitor. Over the past few years, for example, it has steadfastly refused to raise prices, despite increasing distilling and marketing costs and higher taxes. The reason has become apparent this year. In April, two of its independent competitors, Teacher's and Bell's, finally raised prices. DCL still held back, however, and almost

overnight its market share in England jumped from around 60% to 70%.

Having accomplished its goal, DCL last month announced that it, too, was raising prices. The increases aren't that large in percentages—a couple of pennies per shot for whisky. But spread over DCL's huge volumes, they will be substantial. The increases won't come until Oct. 1. Which gives retailers an incentive to stock up now and promises to help make DCL's market-share gains permanent.

DCL's origins go back to 1577 when six Lowland grain distillers, several of them a century or more old, combined to form the company. As the years went by, other distillers joined the combine. At the same time DCL kept on building new distilleries. It now operates some 42 in Scotland.

ITS OWN TERMS

DCL is still reaching out its tentacles, unhampered by the antitrust restrictions that must concern dominant companies in American industries. But DCL will acquire only on its own terms. This year, for example, it tried to pick up Tomatin, an independent producer of malt whisky. Its stock was selling at 9 shillings on the London Exchange; DCL offered 15 but bowed out when Tomatin demanded more.

"We thought we could get more capacity more cheaply by acquiring Tomatin than by building it ourselves," says McDonald. "It didn't work out that way, so we're building it."

DCL is doubling capacity at its Linkwood and Glenlossie distillers, and at its Burghead maltings. McDonald has no fear of creating overcapacity, since the demand for scotch has been steadily increasing. From 1960 through 1969, scotch consumption more than doubled in the U.S., the company's biggest single market. In the first five months of this year, Americans drank 13% more scotch than in the first five months of 1969. The market share of scotch in the U.S. has gone up from 15.9% in 1965 to 19.2% last year. Sales of its Dewar's (distributed by Schenley) and its Johnnie Walker (distributed by Canada Dry), have been especially strong. For all these reasons DCL is a prized issue on the London Stock Exchange, where it trades at 15 times earnings. That might not seem very high to American investors, but to Englishmen it's very high indeed. As we said, don't be fooled by the 19th-century trappings. ■

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As quoted by WARDEN WALKER WORLDWIDE INVESTMENT COMPANY,
January, 1971.

Current Quotations, U.S. Dollar Market

Age	Price per original \$1,000
New	\$1,000
1-year-old	\$1,110 to \$1,200*
2-year-old	\$1,200 to \$1,350*
3-year-old	\$1,350 to \$1,740*
4-year-old	\$1,740 to \$2,200*
5-year-old	\$2,200 to \$2,500*
(*according to exact age and composition)	

January, 1971

MILBANK TRADING CO. OF CONN., INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762



No. 850
Date January 4, 1972

To: Warehouse Keeper
Inver House Distillers, Ltd.
Airdrie, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to
R. M. Hanes, in trust for: Bonita M. & Patricia J. Hanes,
c/o Milbank Trading Co. of Conn., Inc.

175 Greenwich Avenue, Greenwich, Connecticut 06830 U.S.A.

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	10 barrels	179228 - 179237	November, 1971

R. M. Hanes in trust
for Bonita M. & Patricia J. Hanes
NEW OWNER(S)

By *Alfred J. Welch*
- Milbank Trading Co., Of Conn. Inc.



CONFIRMATION

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

EXECUTION DATE

January 4, 1972

Order 850

QUANTITY	DESCRIPTION	PRICE	NET AMOUNT
10 barrels	Scotch Grain Whisky Fillings Inver House Nov., 1971; 179228-179237 494.0 gls.	2.60	\$1284.40
	Amount PAID		<u>1300.00</u>
	Refund		\$ 15.60

TO: Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

MILBANK TRADING CO., OF CONN. INC.

By

From

TELEPHONE:
AIRDRIE 2893/4/5.

To.

No. 72/1000

Inver House Distillers Ltd.,
MOFFAT DISTILLERIES.
AIRDRIE.R. M. Hanes in trust for Bonita M.
and Patricia J. Hanes,
c/o Milbank, Conn.

Date: 18.4.72

TRANSFER WARRANTWe acknowledge receipt of Delivery Order No. 850 Dated 4.1.72
Milbank, Conn.from 10 casks of Garnheath, as undernoted, which
in respect of 10 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 4.1.72 19.

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		10	1971	179228-179237	19.11.71	Airdrie	W/H 8

NOTE.—This Document is a Record of Transfer
only and does not constitute a Title.Eileen J. Hynes
INVENTORY C.

Inver House Distillers Ltd.,

The Terms and Conditions under which Whisky is Sold and Stored appear on
the original Invoice and will be supplied on request.

INVER HOUSE Scotch Grain Whisky Fillings Distilled November, 1971

Exclso No.	Content	Strength O.P.	Gallons at Proof
179228	42.7		51.2
0	41.2		49.4
179230	51.0		49.2
1	42.5		51.0
2	42.7		51.2
3	40.2		43.2
4	41.7		50.0
5	40.2		48.2
6	40.2		48.2
179237	39.5		47.4

Order 850

Total Gallons 494.0

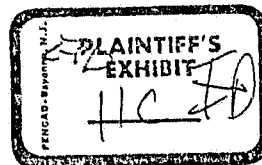
494 0

Order 850

Barrels 179228 thru 179237

Total Gallons 494.0 -- 10 Barrels

Title in name of: R. M. Hanes in trust for: Bonita M. & Patricia J. Hanes



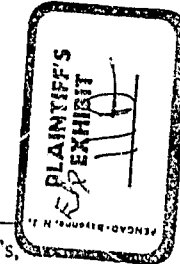
CERTIFIED TRUE COPY OF WAREHOUSE KEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE.

Lloyd's

No. D836/ W.H. 4042
(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & CO., 86 ST. VINCENT STREET, GLASGOW, G2 5VE



This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED R. H. Hanes in trust
for Donita L. and Patricia J. Hanes.

Whisky Lying Tower House Distillers Ltd., Airdrie.
Warehouse No. 8.

Premium Paid £16.25

Period of Insurance 4 years from 18.4.72

Cask Nos. 10 Barrels Garnheath Scotch Grain Whisky.
Barrels Nos. 179228/179237.

Declared Value of Whisky and Casks £1300

Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.

1.25

CONDITIONS

1. In consideration of the payment of a premium of % of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

Exclusions

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow
this 19th day of April, 1972.



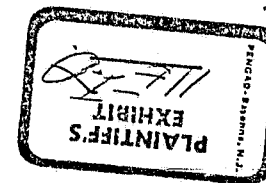
No. 836/ D.W.M. 18593

(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, G2 5UE



This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

NAME OF ASSURED R.H. Hanes in trust for
Bonita M and Patricia J. Hanes.

Premium Paid £27.62

Period of Insurance 4 years from 18.4.72

SCHEDULE

Whisky Lying Inver House Distillers Ltd., Airdrie.

..... Warehouse No. 8A

Declared Value of Whisky and Casks £1300

Cask Nos. 10 Barrels Garneth Scotch Grain Whisky.

..... Barrels Nos. 179228/179237

CONDITIONS

NON-CONTRIBUTION CLAUSE

1. In consideration of the payment of a premium of 2.125% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid or duty free Warehouses in the United Kingdom including transit therein.

2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 10 % in the first year, 50 % in the second year and 100 % in the third and fourth year.

3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.

4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

1. (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or

(b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from

(i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

(ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

2. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

3. The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty Payable.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow

this 19th day of April, 1972.

CP 1212

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762



PURCHASE ORDER RECEIPT

Olney, Md, 20832 May 3, 1972
City State Zip Date

RECEIVED OF R. M. Hanes \$ 1260.00

STREET ADDRESS 17009 Norbrook DR,

IN PAYMENT OF Nine (9) barrels of fifty (50) Proof gallons each,
(more or less) at \$2.80 per gallon of DISTILLED LIQUOR NEW GRAIN SCOTCH WHISKY FILLINGS.

Distilled in 1972 . Price includes Cooperage, Insurance, and Warehousing
for four years.

TO BE REGISTERED IN THE NAME OF R. M. Hanes in trust for
Bonita M. and Patricia T. Hanes.

CONFIRMATION, TITLE, AND SPECIFICATIONS WITHIN TEN (10) DAYS. ALL OTHER DOCUMENTATION
TO BE COMPLETED WITHIN NINETY (90) DAYS FROM DATE HEREOF.

MILBANK TRADING CO., OF CONN. INC.

J. R. Clements

Make all checks payable to MILBANK TRADING CO. OF CONN., INC.

Exhibit A2

CPCV.2

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762



PURCHASE ORDER RECEIPT

Olney, Md. 20832 May 3, 1972
City State Zip Date

RECEIVED OF R. M. Hanes \$ 420.00

STREET ADDRESS 17009 Norbrook DR.

IN PAYMENT OF Three (3) barrels of fifty (50) Proof gallons each,
(more or less) at \$2.80 per gallon of DISTILLED LIQUOR NEW GRAIN SCOTCH WHISKY FILLINGS.

Distilled in 1971 . Price includes Cooperage, Insurance, and Warehousing
for four years.

TO BE REGISTERED IN THE NAME OF R. M. Hanes in Trust for
Bonita M. and Patricia J. Hanes

CONFIRMATION, TITLE, AND SPECIFICATIONS WITHIN TEN (10) DAYS. ALL OTHER DOCUMENTATION
TO BE COMPLETED WITHIN NINETY (90) DAYS FROM DATE HEREOF.

MILBANK TRADING CO., OF CONN. INC.

J. R. Clements

Make all checks payable to MILBANK TRADING CO. OF CONN., INC.

note.
change
April
3/4/73

Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"

No. 1352

Date May 23, 1972

To: Warehouse Keeper

Inver House Distillers, Ltd.

Airdrie, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____

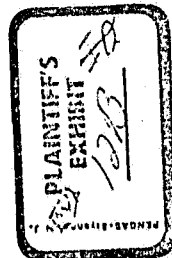
R. N. Hanes in trust for Bonita M. and Patricia J. Hanes, c/o Milbank

Trading Co. of Conn., Inc., 175 Greenwich Avenue, Greenwich, Connecticut
06830 USA

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	3 Barrels	176625 - 176627	November 1971



R. N. Hanes in trust for
Bonita M. & Patricia J. Hanes
NEW OWNER(S)

By

Milbank Trading Co., Of Conn. Inc.
Milbank Trading Co., Of Conn. Inc.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

Milbank Trading Co. Of Conn., Inc.
'Scotch Whisky in Bond'

No. 1353

Date May 23, 1972

To: Warehouse Keeper
Inver House Distillers, Ltd.
Airdrie, Scotland

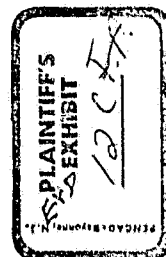
For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____

R. M. Hanes in trust for Donita M. and Patricia J. Hanes, c/o Milbank
Trading Co. of Conn., Inc., 175 Greenwich Avenue, Greenwich, Connecticut
06830 USA

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

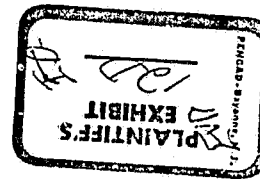
BRAND	QUANTITY	NUMBERS	DATE OF BONDING
<i>Inver House</i>	<i>9 Barrels</i>	<i>313514 - 313522</i>	<i>February 1972</i>



R. M. Hanes in trust for
Donita M. and Patricia J. Hanes
NEW OWNER(S)

By *Alan M. Rich*
Milbank Trading Co., Of Conn. Inc.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762



C122K.2

CONFIRMATION

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869 0762

EXECUTION DATE

May 23, 1972

ORDER NOS. 1352 & 1353

QUANTITY	DESCRIPTION	PRICE	NET AMOUNT
	Scotch Grain Whisky Fillings		
3 Barrels	Inver House Nov. 1971: 176625 - 176627 - 187.2 Gal.	\$2.80	\$ 524.16
9 Barrels	Inver House Feb. 1972: 313514 - 313522 - 435.6 Gal.	\$2.80	\$ 1219.68
			<hr/>
			\$ 1743.84
			\$ 1680.00
	AMOUNT RECEIVED:		
	AMOUNT DUE:		\$ 63.84

TO: Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

PD on full 6/6/72
MILBANK TRADING CO., OF CONN. INC. *R.E.*

By *[Signature]*

From

TELEPHONE:
AIRDRIE 2893/4/5.

To:

No. 72/3689

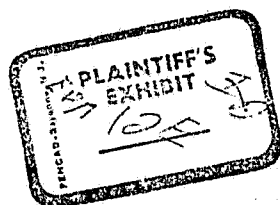
Inver House Distillers Ltd.,
MOFFAT DISTILLERIES,
AIRDRIE.R.M. Hanes in trust for:
Bonita M. & Patricia J. Hanes,
c/o Milbank, Conn.Date: ~~29XXX~~ 27.6.72TRANSFER WARRANT

We acknowledge receipt of Delivery Order No. 1555 Dated 23.5.72
from Milbank, Conn.
in respect of 9 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 23.5.72 19.

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		9	1972	313514-313522	8.2.72	Airdrie	W/H 12

NOTE.—This Document is a Record of Transfer
only and does not constitute a Title.

Eileen Flynn
INVENTORY CLERK



From

TELEPHONE :
AIRDRIE 2893/4/5.

To:

No. 72/3700

Inver House Distillers Ltd.,

MOFFAT DISTILLERIES,
AIRDRIE.

R. M. Hanes in trust for:
Bonita M. & Patricia J. Hanes,

c/o Milbank, Conn.

Date: 27.6.72

TRANSFER WARRANT

We acknowledge receipt of Delivery Order No. 1352 Dated 23.5.72
from Milbank, Conn.
in respect of 3 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 23.5.72 19.

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		3	1971	176625-176627	11.11.71	Airdrie	W/H 15

NOTE.—This Document is a Record of Transfer
only and does not constitute a Title.

Eileen Hymelincus
INVENTORY CLERK



INVER HOUSE Scotch Grain Whisky Fillings Distilled November, 1971

Excise No.	Content	Strength O.P.	Gallons at Proof
176625	52.5	120.0	63.0
6	52.0		62.4
7	51.5		61.8

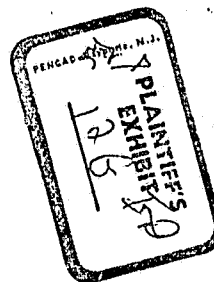
187.2

ORDER NO. 1352

BARREL NOS. 176625 thru 176627

TOTAL GALLONS: 187.2 - 3 Barrels

TITLE IN NAME OF: R. M. Hanes in trust for Bonita M. and Patricia J. Hanes



CERTIFIED TRUE COPY OF WAREHOUSE KEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE

INVER HOUSE Scotch Grain Whisky Fillings Distilled February, 1972

Wood	Excise No.	Content	Strength C.P.	Gallons at Proof
	313514	42.5	120.0	51.0
	5	38.7		46.4
	6	39.2		47.0
	7	40.5		48.6
	8	39.5		47.4
	9	39.0		46.0
	313520	42.0		50.4
	1	40.5		48.6
	2	41.2		49.4

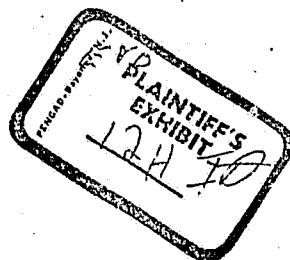
435.6

ORDER NO. 1353

BARREL NOS. 313514 thru 313522

TOTAL GALLONS: 435.6 - 9 Barrels

TITLE IN NAME OF: R. M. Hanes in trust for Bonita M. and Patricia J. Hanes



CERTIFIED TRUE COPY OF WAREHOUSE KEEPER'S RECORDS WHICH CORRESPOND WITH RECORDS
AT THE BRITISH CUSTOMS SERVICE.



No. 836/ D.W.M. 20494
(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED R.M. Hanes in trust for: Bonita M. & Patricia J. Hanes.

Declared Value of Whisky and Casks \$1260

Premium Paid \$25.20

Period of Insurance 4 years from 27.6.72

Casks Numbers 9 Barre's GARNHEATH Scotch Grain Whisky, Barrels Numbers 313514/313522.

Whisky Lying at Inver House Distillers Limited, Moffat Distilleries, Airdrie, Warehouse 12.

This certificate has been signed in Glasgow on the 27th June 1972.

CONDITIONS

1. In consideration of the payment of a premium of 2% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid or duty free Warehouses in the United Kingdom including transit therein.

2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 10% in the first year, 50% in the second year and 100% in the third and fourth year.

3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.

4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

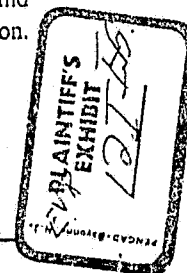
NON-CONTRIBUTION CLAUSE

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or
(b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - (i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
 - (ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
- Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty Payable.

For and on behalf of Wm. Martin & Co.



Lloyd's

No. D836/ D.W.M. 4515
(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & CO., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED <u>R. M. Hanes in trust for</u>	Whisky Lying <u>Inver House Distillers Limited, Moffat Distilleries,</u>
<u>Bonita M. & Patricia J. Hanes.</u>	<u>Airdrie, Warehouse 15.</u>
Premium Paid <u>£5.25</u>	Cask Nos. <u>3 Barrels GAINIEATH Scotch Grain Whisky.</u>
Period of Insurance <u>4 years from 27.6.72</u>	<u>Barrels Numbers 176625/176627</u>
Declared Value of Whisky and Casks <u>£420</u>	
Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.	

CONDITIONS

1. In consideration of the payment of a premium of 2.5% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable indemnity for its costs and expenses.

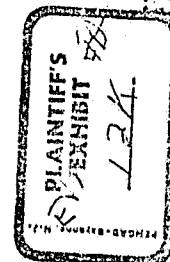
Exclusion

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

[Signature]

In Witness whereof this certificate has been signed at Glasgow
this 27th day of June 1972





No. 836/ D.W.N. 20493
(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED R.M. Hanes in trust for: Bonita M. & Patricia J. Hanes.

Declared Value of Whisky and Casks \$420 Premium Paid \$8.40 Period of Insurance 4 years from 27.6.72

Casks Numbers 3 Barrels GARNHEATH Scotch Grain Whisky, Barrels Numbers 176625/176627

Whisky Lying at Inver House Distillers Limited, Moffat Distilleries, Airdrie, Warehouse 15.

This certificate has been signed in Glasgow on the 27th June, 1972.

CONDITIONS

1. In consideration of the payment of a premium of 2% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid or duty free Warehouses in the United Kingdom including transit therein.
2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 10% in the first year, 50% in the second year and 100% in the third and fourth year.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.
4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable indemnity for its costs and expenses.
5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

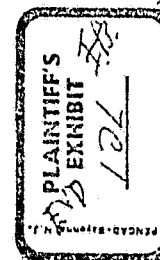
NON-CONTRIBUTION CLAUSE

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

1. (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or
(b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
(i) Ionising radiations or contamination by radioactivity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel.
(ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
2. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
3. The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty Payable.

For and on behalf of Wm. Martin & Co.



Lloyd's

No. D836/ D.W.M. 4516
(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & CO., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED R.M. Hanes in trust for: Whisky Lying Inver House Distillers Limited, Moffat Distilleries,
Donita M. & Patricia J. Hanes Airdrie Warehouse 12
Premium Paid \$15.75
Period of Insurance 4 years from 27.6.72 Cask Nos. 9 Barrels GAINHEATH Scotch Grain Whisky,
Declared Value of Whisky and Casks \$1260 Barrels Numbers 313514/313522
Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.

CONDITIONS

1. In consideration of the payment of a premium of 1.25% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

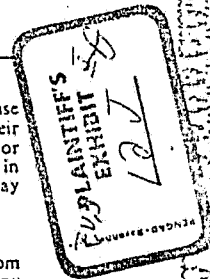
Exclusion

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

[Signature]

In Witness whereof this certificate has been signed at Glasgow
this 27th day of June 1972



Milbank Trading Co. of Conn., Inc.

"Scotch Whisky in Bond"

June 12, 1972

Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

Dear Customer:

Our Salesmanager in your area has decided to take a position with a competitor of ours, a new organization entering the "Scotch Whisky" business and decided to take along our local salesmen who were servicing your area.

Please be assured that our office intends to continue servicing your account, and until we are able to replace these men, please do not hesitate communicating directly with us by mail or reverse charge calls.

May we take this opportunity to thank you for your confidence in dealing with us.

We are looking forward to continuing our mutual association.

Sincerely,

MILBANK TRADING CO. OF CONN., INC.

Albert J. Deeb,
President

AJD/KL
Enc.

Scotch Whisky for possible long term capital gains
*175 Greenwich Avenue, Greenwich, Conn. 06830 Tel:203-869-0762

Write again on 11/27/72 to BBB

Mr. Milbank at West Co. Bank of BBB
said on 1/4/73 that he would write 18
131-123 of 500,000
Milbank Trading Co. of Conn. Inc.
"Scotch Whisky in Bond"

Called
Mr. Milbank
4/9/73 -
He said
could not
on 4/9/73

Write to BBB of Stamford, #1 Bank St., 06901
on Nov. 1, 1972, telling them two calls & two letters
and quoting "particularly fraudulent" judgment by
SEC attorney.

June 12, 1972

Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

Called again on 11/27/72 - Talked to
a Mr. Loeb (?). He said essentially
nothing, but stated Milbank's litigation
would be handled by a law firm in New York.
I would like to see the papers that you need
from Scotland.

Dear Customer:

Our Salesmanager in your area has decided to take a
position with a competitor of ours, a new organization
entering the "Scotch Whisky" business and decided to
take along our local salesmen who were servicing
your area.

Please be assured that our office intends to continue
servicing your account, and until we are able to
replace these men, please do not hesitate communicating
directly with us by mail or reverse charge calls.

May we take this opportunity to thank you for your
confidence in dealing with us.

We are looking forward to continuing our mutual association.

Sincerely,

MILBANK TRADING CO. OF CONN. INC.

Albert J. Deeb
Albert J. Deeb,
President

AJD/KL
Enc.

Sent letter of inquiry to Deeb on 7/19/72
asking for explanation of why Milbank's
price is 50% above that of Scotch
Whiskey Exchange.

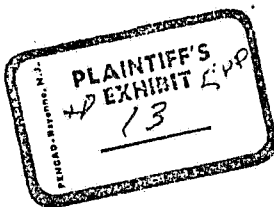
Called on 8/2/72 -
Deeb met in - Sec. said
return - insurance
papers

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

Called again on 9/27/72 - Deeb met in -
Sec. said
I got my table - no. Sec. said
my papers marked &
Sec. said on 8/15/72

Sent in papers for correction
of error to Deeb - again on 7/19/72

Called
Milbank
on 4/9/73
He said
could not
on 4/9/73



17009 NORTHERN DR.
OLNEY, MD. 20832
11 JANUARY 1973

Mr. Albert J. Selt
12, Mark Trading Corp. Inc.
175 Greenwich Ave.
Greenwich, Conn. 06830

Dear Mr. Selt:

In my telephone conversation with Mr. Sehon
27 November 1972, he stated that Mr. Mark would
buy back the whiskey that I have purchased from
you at the price I paid. I wish to accept that
offer, for your whiskey is overpriced according to
other offers available. I enclose with this letter
My Sales Invoice and my 312 Whiskey Order.
My Orders 850, 1352, and 1353.

Yours truly,
R. M. Hanes
(R. M. HANES)



P. J. Exhibit #6

C. P. G. 6

Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"

March 12, 1973

Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

Dear Mr. Hanes:

We wish to acknowledge receipt of your letter advising that it is your desire to sell your holdings of Scotch Grain Whisky fillings distilled in 1971 and 1972. We regret not having been able to respond sooner.

We are enclosing a list of highly respected Scotch Whisky brokers in Scotland; all members of the Scotch Whisky Association. We suggest that you contact any of these brokers requesting their highest bids, or you may wish to authorize one to sell your Whisky at the current market price.

Be sure, in contacting a broker, that you provide complete specifics: the name of your Whisky, the number of barrels, the barrel numbers, the date of bonding, and the total gallonage. Following your acceptance of a bid, advise us accordingly and we will provide the documents required for the completion of this transaction.

We regret that Security regulations forbid our active participation in the sale of your holdings. Thus we are limited to our preparation of the documents at no charge when you advise us of your decision.

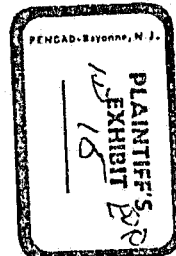
Sincerely,

MILBANK TRADING CO. OF CONN. INC.

Albert J. Deeb

Albert J. Deeb
President

rs
Enclosure



Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

P.D. 1/6

SCOTCH WHISKY BROKERS

CAMPBELL & CLARK LTD., 35 Robertson Street, Glasgow, C.2, Scotland

GLENLIVET & GLEN GRANT AGENCIES LTD., 24 Newton Place, Glasgow, C.2,
Scotland

HAFFENDEN (Whisky Brokers) LTD., 93 Hope Street, Glasgow, C.2, Scotland

DOUGLAS HAMILTON & CO., LTD., 16 Fitzroy Place, Glasgow, C.3, Scotland

LUNDIE & CO., LTD., 48 West Regent Street, Glasgow, C.2, Scotland

S. P. MORRISON, LTD., 13 Royal Crescent, Glasgow, C.3, Scotland

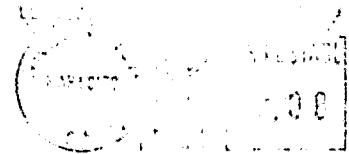
W. & S. STRONG, LTD., 216 Bothwell Street, Glasgow, C.2, Scotland

A. R. WILSON, 50 Wellington Street, Glasgow, C.2, Scotland

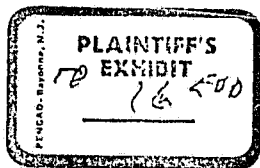
Millant Trading Co. Of Conn. Inc.

175 General Avenue, General Conn 06830

P. I. Sch. 6



Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832



Sent certified

Copied by
R. L. Phipps

(CPK:19)

17009 Northbrook Dr.

Olney, MD 20832

March 16, 1973

Mr. Albert G. Jack
Millbank Trading Co. of Conn. Inc.
Greenwich, Conn.

Dear Mr. Jack:

In your letter of March 12, 1973 you not only attempted to abrogate part of your contract with me, but you also attempted to ignore the questions in my earlier letters. In particular, you failed to deal with the warehouse charges that you were paid for when I bought the whisky, and you failed to explain why a certified letter addressed to you was refused by your office!

My lawyer has advised me to try once more, by certified letter, to obtain an acknowledgment of your obligations and fulfillment of our contract. At this point, of course, in the light of your performance to date, I should prefer to have you return my money and take back your whisky, as I said before. Failing to do that, you must:

1. Use the money I paid for that purpose to pay, in advance, the warehouse charges for four years. Furnish receipt showing that you have paid said charges.
2. Return to me, at once, that part of my payments which were to cover final sales commissions.

2.

expedite
reply

CPC/17

The certified letter (referred to above) that you refused contained information about the amount of warehouse charges already paid here a total of \$44.06.

Yours truly,
R. M. Hanes
(R. M. HANES)

Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky is Bond"

Cope
May 11
C.P.C. 8

March 23, 1973

Mr. R. M. Hanes
17009 Norbrook Dr.
Olney, Maryland 20832

Dear Mr. Hanes:

We have your letter of March 16th and are surprised to learn that a Registered Letter from you was not accepted. Our office has no recollection of any refusal, and if this did indeed occur it was an error that was clearly not intended.

The tone of your letter is disturbing to us because of your reckless use of such terms as "abrogate your contract", "failure on our part", etc. together with your unsupported claims of representations on our part that we categorically reject.

Further, your reference to your lawyer implies an atmosphere that must make us reluctant to continue further correspondence with you. As an added indication of your lack of responsibility we refer to your letter of January 11th last with reference to a "pledge" to repurchase your Whisky holdings. An entirely untrue statement never made, never implied, and never intended.

With reference to your insurance, we find no evidence of any errors. If you have information that points to the contrary we will be prompt in re-examining this in your behalf.

Sincerely,

MILBANK TRADING CO. OF CONN. INC.

Al Deeb
Albert J. Deeb
President

rs

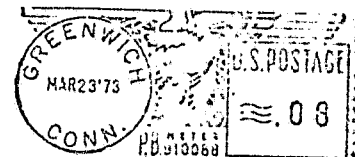


Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

7070/11
10 17/1

Milbank Trading Co. Of . . Inc.
175 Greenwich Avenue, Greenwich, Conn. 06830.

*Copied by
N. Murphy*



Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832



INVER HOUSE
DISTILLERS. LTD.

MOFFAT DISTILLERIES
AIRDRIE, LANARKSHIRE
SCOTLAND

TELEPHONE: AIRDRIE 62893 (7 LINES)
TELEGRAMS: INVER HOUSE, AIRDRIE
TELEX: 778084

DIRECTORS: A. E. LANG (U.S.A.)
L. J. GUNSON (U.S.A.)
J. T. MCCABE (U.S.A.)
L. VERNON (U.S.A.)
J. G. ROCK (U.S.A.)
R. A. CASSIE, C.A.
G. T. MCCLEMENTS
W. A. ROBISON

P.S. Exhibit #3

C.P. 9613

RMCC/NA

14th February, 1973

Mr. R.M. Hanes,
17009, Norbrook Drive,
Olney,
M.D. 20832,
U.S.A.

Dear Sirs,

1. 10 Brls. Garnheath, 1971 Nos. 179228/237
2. 3 Brls. Garnheath, 1971 Nos. 176625/627
3. 9 Brls. Garnheath, 1972 Nos. 313514/522

We refer to your letter dated 2nd February, 1973, and herewith confirm that the afore-described holdings are being warehoused by us at Airdrie on your behalf.

It would appear however, that you have been mis-informed as regards warehousing charges, as we have no record of either of these whisky parcels having been pre-paid.

Storage charges are payable, as follows:-

1st Parcel - Rent payable from 4.1.72 @ 5p. per cask per week
2nd and 3rd Parcels " " 23.5.72 " " " " "

We have enclosed herewith our Invoice No. 3283 H496 for rentals due as of 31st December, 1972.

Yours faithfully,
INVER HOUSE DISTILLERS, LTD.

R. McCracken
R. McCracken



*Replied 12/20/73, saying:
"my contract with you bank (asked)
clearly state that it is to pay all
rental charges for 4 years until maturity.
When I received your letter dated
on 2nd Feb 1973, I was surprised that his
company was not paying the rental since the papers are just
over coming through. If he is not to correct, you should receive payment
from him. If you are not, please let me know, for I do not
wish to have rental accumulate."*

P. J. G. 13

CPG 13

No. 3283

INVER HOUSE DISTILLERS, LTD.

H 496

A. E. LANG (U.S.A.) L. J. GUNSON (U.S.A.) J. T. MCCABE (U.S.A.)

TELEPHONE: AIRDRIE 62893/4

MOFFAT DISTILLERIES

TELEGRAMS: INVER HOUSE. AIRDRIE

Mr. R.M. Hanes, AIRDRIE ML6 8PL SCOTLAND
17009 Norbrook Drive,
Olney M.D. 20832,
U.S.A.

Date 14.2.73

RENT ON CASKS WAREHOUSED AT AIRDRIE

MAKE	NUMBERS		No. of Casks	FROM			TO			Weeks	Rate	AMOUNT	
Garnheath	179228- 179237	1971	10 Brls.	4	1	72	31	12	72	519 days 363	5d.	10.	81
"	176625 - 176627	"	3 Brls.	23	5	72		"		96 days 223	5d.	2.	00
"	313514 - 313522	1972	9 Brls.		"			"		287 days 223	5d.	5.	98
												£18.	79
												\$44.	06

Form No.



(P.D. Exhibit #3)

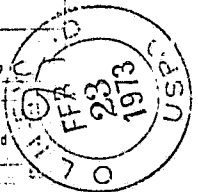
Mr. R.M. Hanes,
17009, Norbrook Drive,
Olney,
M.D. 20832,
U.S.A.

*Rec'd
2/20/73*

INVER HOUSE DISTILLERS, LTD.
Moffat Distillery

11. 265173

RECEIPT FOR CERTIFIED MAIL—30c (plus postage)

SENDER'S NAME <i>Albert J. Deeb</i>	POSTMARK OR DATE
STREET AND NO. <i>Milford Reading Co. of Ct. Inc.</i>	
P.O., STATE AND ZIP CODE <i>175 Greenwich Ave. Greenwich, CT</i>	
RETURN TO SENDER <input type="checkbox"/> 1. Sender's name and address	
RECEIPT <input type="checkbox"/> 2. Show receipt to addressee	
SERVICES <input type="checkbox"/> 3. Show receipt to addressee	
DELIVER TO ADDRESSEE <input type="checkbox"/> 4. Show receipt to addressee	

PS Form 3800 NO INSURANCE COVER IS PROVIDED—(See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL GPO: 1972 O-460-743

STICK POSTAGE LABEL TO ARTICLE TO COVER POSTAGE (first class or airmail),
CERTAIN MINUTE, 10 CENTS FOR ANY SELECTED OPTIONAL SERVICES. (see front)

1. If you want this item insured, stick the insured stub on the first portion of the address label, and present the article at a post office service window or hand it to your nearest carrier and pay postage.
2. If you do not want to insure your article, stick the insured stub on the left portion of the address label, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, stick the certified number and your name and address on a separate card, and attach it to the back of the article by means of the return receipt label. (See front of article for return receipt label.)
4. If you want the article insured only to the addressee, endorse it on the front DELIVER TO ADDRESSEE ONLY. Make the same endorsement in line 2 of the return receipt card if that service is requested.
5. Save this receipt and present it if you make inquiry.

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional labels are required for the services)

☐ Show to whom, date and address
where delivered

☒ Deliver ONLY
to addressee

RECEIPT

Received the number of articles described below

REGISTERED NO.

CERTIFIED NO.

777137

DATE

2-21-72

NAME OF ADDRESSEE (Print or type name)

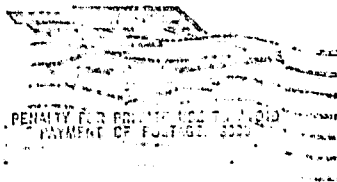
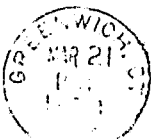
Willard Trading

AGENT, IF ANY

P. Thompson

BY TELETYPE (If by teletype, include ZIP Code)

U.S. POSTAL SERVICE
OFFICIAL BUSINESS



63-16-8127-1

Postmark of Delivering Office

SENDER INSTRUCTIONS

Print in the space below your name, address, including ZIP Code.

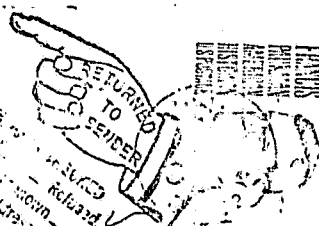
- If special services are desired, check box(es) on other side.
- Moisten gummed ends and attach to back of article.

RETURN
TO

PS Form 3811 Nov. 1970

R. M. Herz
17009 New York Ave.
Bellevue, Md 20839

R.M. Hanes
17009 Northgate Drive
Omaha, Neb.



RETURN RECEIPT

No. 26517

Mr. Albert E. Hest
Millbank Trading Co. of Conn., Inc.
175 Greenwich Ave.
Greenwich, Conn. 06830

refused
2-26-73
H.M.H.

POG. 1/1/73 #5

C.P.
Ex. 5

Sent by
Certified
Registered Mail
on 2/23/73

P.D. Exhibit #4

C.P. #4

17009 Notbrook Dr.
Olney, Md. 20832
22 February 1973

Mr. Alex G. Seft, President
Milbank Trading Co. of Am., Inc.
125 Greenwich Ave.
Greenwich, Conn. 06830

Dear Mr. Seft:

As I informed you by telephone on 21 January 1973, I have an invoice from Inner House Distillers, Ltd. for storage charges due as of 31 December 1972 for the following holdings of Scotch whiskey that I purchased from your company:

10 Bbls. Cambrith 1971 No. 179228/237
3 Bbls. Cambrith 1971 No. 176625/627
9 Bbls. Cambrith 1972 No. 313514/522.

The charge on the invoice (No. 3283H496) is \$44.06. You have apparently failed to use the money that I paid for six years of storage to pay for even the first year. If this matter is not corrected at once, I shall take further action as appropriate.

Yours truly,
R.M. Howe
(R.M. HOWE)



Letter
4/24/72
from 1022a/11v

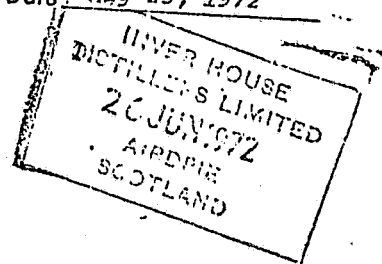
Milbank Trading Co. Of Conn. Inc.
"Scotch Whisky in Bond"

12/3689

No. 1353

Date May 23, 1972

To: Warehouse Keeper
Inver House Distillers, Ltd.
Airdrie, Scotland



For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____

R. M. Hanes in trust for Bonita M. and Patricia J. Hanes, c/o Milbank
Trading Co. of Conn., Inc., 175 Greenwich Avenue, Greenwich, Connecticut
06830 USA

496

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	9 Barrels	313514 - 313522	February 1972
	W/H 12	8 2 72	435 6

Bonita M. & Patricia J. Hanes
NEW OWNER(S)

By Milbank Trading Co., Of Conn, Inc.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

707011,
4 Apr 72
John H. McCracken

✓
Millbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"

72/3700

No. 1352
Date May 23, 1972

To: Warehouse Keeper
Inver House Distillers, Ltd.
Airdrie, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to 23 JUN 1972
R. M. Hanes in trust for Bonita M. and Patricia J. Hanes, 870 Millbank
Trading Co. of Conn., Inc., 175 Greenwich Avenue, Greenwich, Connecticut
06830 USA

496

✓ The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	3 Barrels	176625 - 176627	November 1971
	W/H 15	11-11-71	187-2

R. M. Hanes in trust for
Bonita M. Patricia J. Hanes
NEW OWNER(S)

By *Alvin P. Smith*
Millbank Trading Co., Of Conn. Inc.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

Letter
4/6/72
from Milbank

1/7/1.0

72/1374

MILBANK TRADING CO. OF CONN., INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel (203) 869-0762

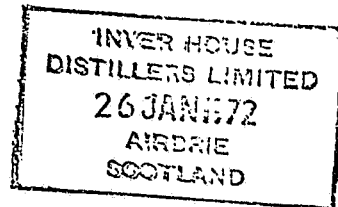
No. 850

Date January 4, 1972

To: Warehouse Keeper

Inver House Distillers, Ltd.

Airdrie, Scotland



For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to
R. M. Hanes, in trust for: Bonita M. & Patricia J. Hanes,
c/o Milbank Trading Co. of Conn., Inc.

496
✓

175 Greenwich Avenue, Greenwich, Connecticut 06830 U.S.A.

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	10 barrels	179228 - 179237	November, 1971

Signature
Signature

19-11-71
W/H S.
H714-0

R. M. Hanes in trust
for Bonita M. & Patricia J. Hanes
NEW OWNER(S)

By *Albert D. Arch*
Milbank Trading Co., Of Conn. Inc.



*Letter of
4 Apr 73
from M. C. Graham*

SCOTCH WHISKY



Mr. R. M. Hanes,
17009 Norbrook Drive,
Clney M.D. 20832,
U.S.A.

INVER HOUSE DISTILLERS, LTD.
Moffat Distilleries, Airdrie, Scotland.



INVER HOUSE
DISTILLERS, LTD.



10.1.73
21.1.73
21.1.73
21.1.73

C.P.E.H. 9

DIRECTORS: A. E. LANG
L. J. GUNSON
J. T. MCCABE
T. A. DUBOIS
L. VERNON
J. G. ROCK
R. A. CASSIE, C.
G. T. MCCLEMA
W. A. ROBISON

MOFFAT DISTILLERIES
AIRDRIE, LANARKSHIRE
SCOTLAND

TELEPHONE: AIRDRIE 62893 (7 L)
TELEGRAMS: INVER HOUSE, AII
TELEX: 778084

Our Ref: RMCC/cl.

Mr. R. M. Hanes,
17009 Norbrook Drive,
Olney M.D. 20832,
U.S.A.

4th April, 1973.

Dear Sir,

10 BRLS. GARNHEATH 1971 NOS. 179228/237.
3 BRLS. GARNHEATH 1971 NOS. 176625/627.
9 BRLS. GARNHEATH 1972 NOS. 313514/522.

We refer to your letter dated 28th March, 1973, and appreciate your concern in storage charges relating to the afore described holdings.

A copy of your letter has been forwarded to Milbank, Connecticut.

Copies of the original Delivery Orders from Milbank, and made out in your favour enclosed and, as you will note, there is no mention of your holdings having been

In the event of a reply being received by us from Milbank we will advise you

Yours faithfully,
INVER HOUSE DISTILLERS, LIMITED,

R. McCracken.

c.c. File.



INVER HOUSE
DISTILLERS, LTD.



MOFFAT DISTILLERIES
AIRDRIE, LANARKSHIRE
SCOTLAND

DIRECTORS: A. E. LANG (U.S.A.)
L. J. GUNSON (U.S.A.)
J. T. MCCABE (U.S.A.)
L. VERNON (U.S.A.)
J. G. ROCK (U.S.A.)
R. A. CASSIE, C.A.
G. T. MCCLEMENTS
W. A. ROBISON

TELEPHONE: AIRDRIE 62893 (7 LINES)
TELEGRAMS: INVER HOUSE, AIRDRIE
TELEX: 778084

RMCC/KA

17th May, 1973

Mr. R. M. Hawes,
17009 Norbrook Drive,
Olney M.D. 20832,
U.S.A.

Dear Sir,

10 Brls.	Garnheath,	1971	Nos.	179228/237
3 "	"	1971	"	176625/627
9 "	"	1972	"	313514/522

We refer to our letter of 4th April, 1973 in respect of storage charges payable on the afore-described stocks of Garnheath Whisky.

A reply has now been received from Milbank Trading Co., and it would appear that they are pre-paying same for four years from bonding date.

A copy of their letter is enclosed.

Yours faithfully,
INVER HOUSE DISTILLERS, LTD.,

R. McCracken
.....
R. McCracken (Mr.)

ENCL.

*Rep. ltr. 22 May 1973, thanking
McCracken for his help.*

Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky is Bond"

April 16, 1973

Inver House Distillers, Ltd.
Moffat Distilleries
Airdrie, Lanarkshire
Scotland

Re: Your Reference RMCC/cl.
R.M.Hanes, 17009 Norbrook Drive
Olney, Maryland 20832, U.S.A.

Gentlemen:

We are in receipt of your letter of April 4th, 1973, together with enclosure with reference to the above captioned account.

Mr. Hanes is indeed correct, that the storage charges are the sole responsibility of Milbank Trading Co. Inc., 42-40 Bell Boulevard, Bayside, New York 11361. Mr. Hanes prepaid the storage at the time of his purchase exactly as he states.

Milbank Trading Co. Inc. is paying these storage charges and your invoice direct to them will be paid if you have not yet had payment from them.

Sincerely,

MILBANK TRADING CO. OF CONN. INC.

Albert J. Deeb

Albert J. Deeb
President

RS

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

Mr. R. M. Hanes,
17009 Norbrook Drive,
Olney M.D. 20832,
U.S.A.

INVER HOUSE DISTILLERS, LTD.
Moffat Distilleries, Airdrie, Scotland.

C.P. & H.



17009 Norbrook Dr
Olney, Md. 20832
28th March 1973

Mrs. R. McConan
Imperial House Builders, Ltd.
Moffat Distillers
Aberdeen, Larbert
Scotland

Dear Sir:

I refer you to my letters of 2nd February and 20th February, 1973, and your letter of 14th February, 1973, concerning the following rulings which were made in my favour:

- 10 P.O. Gough, 1971 No. 179228/637
- 3 P.O. Gough, 1971 No. 176625/627
- 9 P.O. Gough, 1972 No. 3133/4/522

During the attempt on my part to obtain a written statement from the Millbank Trading Co., Ltd., concerning payment of the storage charges, I have been unsuccessful. Therefore, I am writing to ask you whether or not Millbank has made any payment for storage of the above-described holdings, and, if so, for what period.

You were kind enough to reply promptly and clearly to my first letter, and I trust that you can now inform me to keep me correctly informed. I appreciate your assistance in this matter but I am simply trying to protect my investments. Unfortunately, I apparently cannot obtain the required information from Millbank without formal legal action.

Yours truly,
R.M. Jones

Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"



July 13, 1973

Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

Dear Mr. Hanes:

As of this date all whisky purchased from us plus warehouse warrant and insurance certificates are fully paid for the four (4) year period from date of purchase.

Sincerely,

GLEN-ARDEN COMMODITIES, INC.

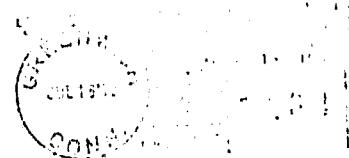
Albert J. Deeb

Albert J. Deeb

cc: Mr. John E. Connolly
State of Conn. Dept. of Consumer Protection

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

Glen-Arden Commodities, Inc.
175 Grand Avenue, Grand View 06830

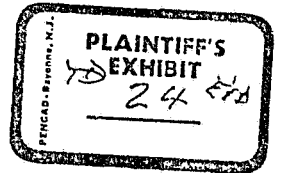


Mr. R. M. Hanes.
17009 Norbrook Drive
Olney, Maryland 20832

C.P. Ex. 10

Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"



April 1, 1973

Dear Customer:

It has been a source of deep satisfaction to us to have enjoyed your confidence and to have the continued opportunity to serve you.

Now that Great Britain has become a member of the European Common Market as of January 1st last, with the elimination of all tariff barriers among Common Market countries, this has resulted in a dramatic increase in the world-wide consumption of Scotch Whisky --- with a corresponding surge in the demand for mature Grain and Malt Spirits.

With all aspects of the Whisky trade facing the most favorable prospects, it is now particularly advantageous that we expand our operations to include a constant inventory of selected investment grade Scotch Malt Whisky to offer for anticipated appreciation, plus continuing the sale of Grain Whisky.

We have long felt that our corporate name gave no indication of our business, but until now there was no pressing need to effect any change. There is now this pressing need.

To properly reflect our expansion and to clearly indicate the nature of our business we are now:

GLEN-ARDEN COMMODITIES, INC.

effective at once.

The change is a change in name only - all responsibilities and commitments made prior to the name change will be scrupulously fulfilled. Our business is the sale of a Commodity --- Scotch Whisky for Investment for possible long term Capital Gain. And we are sure you will agree that the new name more clearly reflects this.

Sincerely,

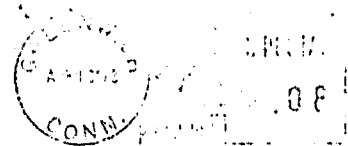
Albert J. Deeb
GLEN-ARDEN COMMODITIES, INC.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

Milbank Trading Co. Of Conn. Inc.

175 Greenwich Avenue, Greenwich, Conn. 06830

*Letter of
1 Apr. 73
from A. L. V.
with our company
encl.*



Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Maryland 20832

Glen-Arden Commodities, Inc.
"Scotch Whisky in Bond"

with letter
 from letter
 of 1 April '73

The Evening Bulletin

Tuesday, April 3, 1973

PBW May Take Shot At Scotch Whisky

By MARIO A. MILETTI
 Of The Bulletin Staff

Officials of the PBW Stock Exchange are cultivating a taste for whisky — Scotch whisky contracts, that is.

There's no central market for such contracts, says Arnold F. Staloff, a vice president of the exchange who's seriously considering the idea.

The contracts for whisky by the barrel are bought and sold through brokers who aren't usually members of an exchange.

Future in Futures?

A central market for whisky contracts would make it easier for buyers to sell a Scotch contract before the aging process is completed — when they're usually sold — and so provide liquidity, Staloff says.

The exchange also sees a future in foreign-exchange fu-

tures. Staloff says businessmen who buy relatively small amounts of foreign currencies — a few thousand dollars to possibly \$1,000,000 — could deal in futures contracts for currencies on the PBW at less cost than banks now charge for the service.

Off to Europe

A futures contract guarantees the buyer he'll get the currency at a pre-determined price when he needs it, even



Roll Out the Barrel?

though its value might fluctuate wildly in the meantime.

Foreign currency futures are traded on the Chicago Mercantile Exchange but buyers and sellers there are "mainly speculators, not local businessmen," Staloff says.

He said he was "hopeful" PBW members could offer the contracts in a "year or so."

The PBW is also beating the bushes for new business abroad.

George S. Hender, a vice president, says he and other officials plan to go to Europe shortly to follow up on previous visits selling brokers there on the idea of trading through PBW members.

Hender says, "We'd also like to get some major European companies, whose stock isn't traded in the U.S. at all, to list their shares on our exchange."

Scotch Whisky for possible long term capital gains
 175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

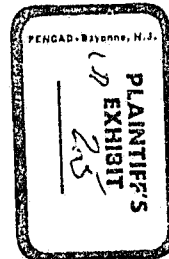
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Stipulation

Mailed & received with
contents thereof.

Glen-Arden Commodities, Inc.

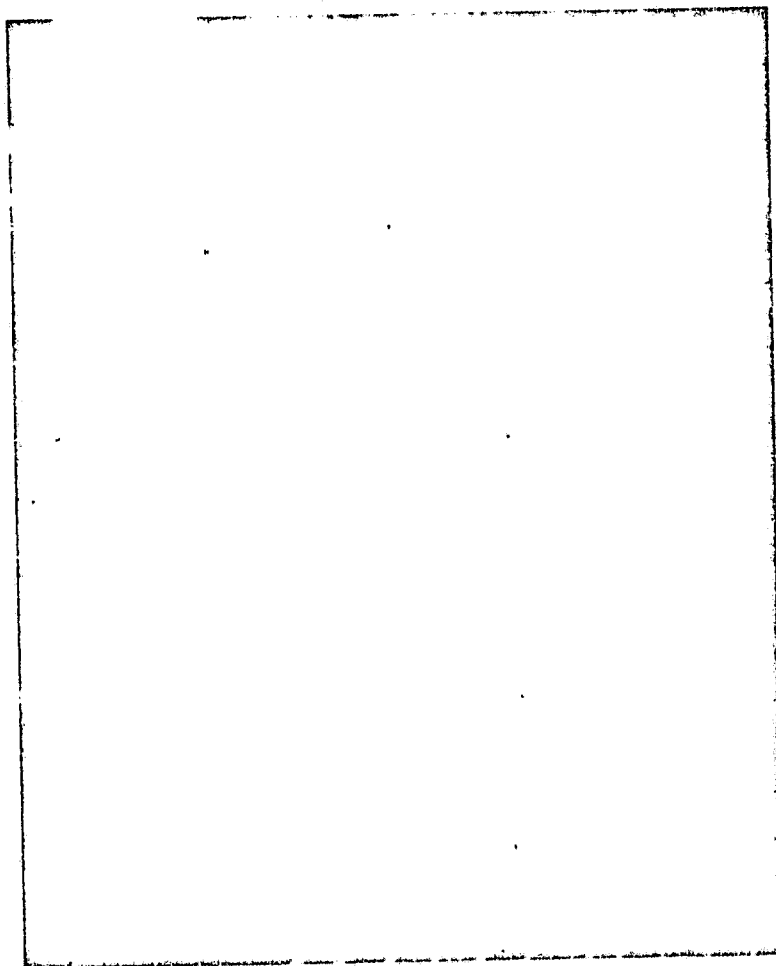
175 Greenwich Avenue, Greenwich Conn. 06830



Mr. R. M. Hanes
17009 Norbrook Drive
Olney, Md. 20832

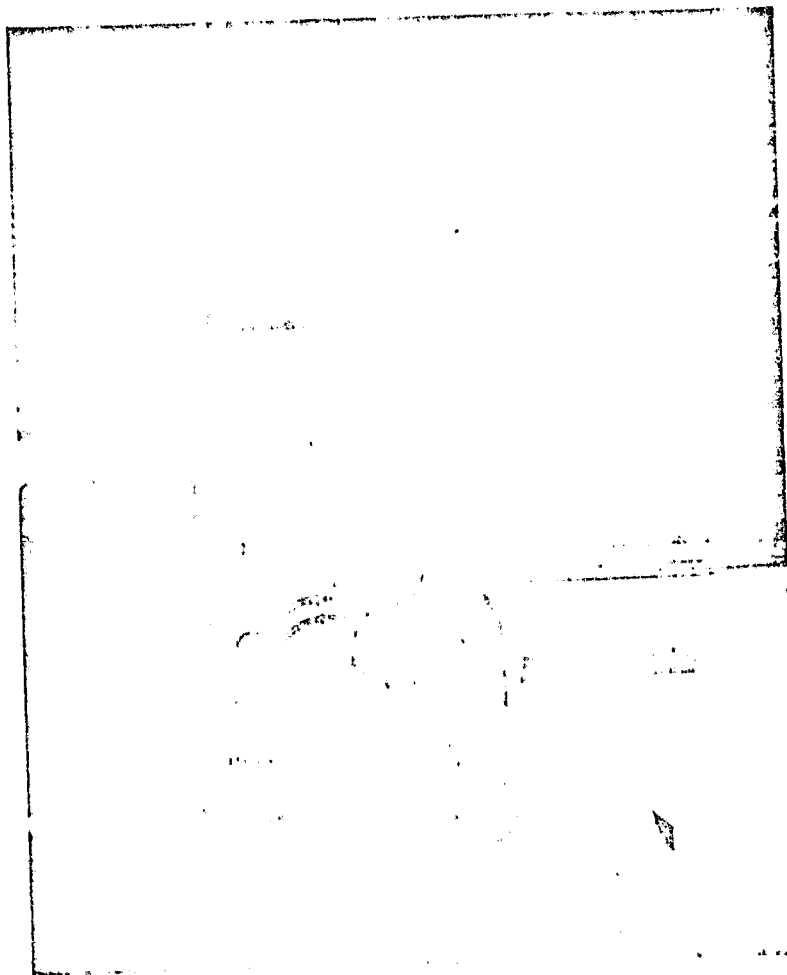
SCOTCH WHISKY

IN BOND



an intriguing, new way to invest

**...For possible long term
capital gains**



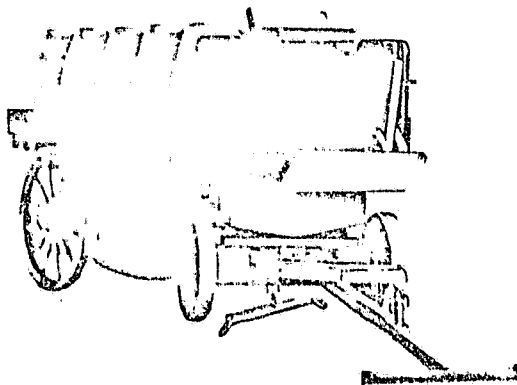
INTRODUCTION . . .

The Scotch Whisky Trade is one which, due to its peculiar nature in marketing a product which only becomes saleable and consumable after the passing of a set period of time, has had to contend with almost continuing difficulty in ensuring that a sufficient volume of stocks of the required various ages have been available to meet the ever increasing demand on a world wide scale. In this connection it should be understood all distilling ceased during the War and the Trade had to get moving again from zero.

In such circumstances it is felt to be a fair assertion to propound the principle that "outside" capital has been more than welcome as a prime factor in lubricating the Trade's needs in conditions of vigorous and rapid expansion on such a wide front. An important point to be noted here is that at the present time the Members of the Scotch Whisky Association have set a target to double the rate of exports within the next five years. A rate of growth of this magnitude might at first be regarded as extravagant but when one takes a normal 8% to 10% annual increase over the past decade or so, compounds the figure and on top of this makes allowance for further natural expansion, it is confidently held the target will be met. The importance of "supporting" capital is self-evident. A point of major importance here to be noted is that the Scotch Whisky Trade has grown (mainly) from within its own strength without the necessity for making spectacular appeals for Share Capital.

It should be clearly stated that Glen-Arden Commodities, Inc. maintains full ownership of all whiskies which we offer to sell. We are neither brokers nor traders, but are merchants offering a commodity for sale from our own inventory.

In presenting our Brochure for your interest we trust you will read it from the viewpoint explained in the foregoing. Having done so we would hope you have acquired a "new" interest in a Trade which we believe, by common consent, has come to be regarded as a major "power" in mid-twentieth-century world business.



HISTORY OF SCOTCH WHISKY AS A COMMODITY

Individuals have been bartering, exchanging and purchasing commodities for profit for centuries past. This type of venture has proved effective as a means of preserving capital and as a hedge against inflation and devaluation.

European Banks for many years have considered a new whisky a very safe purchase, both for their own portfolios as well as for their clients' funds. Today, holders may be found in all fifty States because American nationals have come to expect attractive capital gains by buying new Scotch Whisky, holding it until it matures, then selling.

THE DIFFERENCE BETWEEN SCOTCH WHISKY AND STOCK EXCHANGE INVESTMENTS

There is a basic difference between dealing in shares, or other types of securities, and purchasing Scotch Whisky. When an individual purchases shares he takes an interest in a corporation. The success or failure of his interest then depends largely on the degree of competence exercised by the corporation management.

When an individual buys Scotch Whisky he actually purchases a specific quantity of Scotch in casks which are numbered and gauged with scrupulous accuracy under H.M. Customs and Excise supervision. These numbered casks are then registered in the name of the buyer in the Distillery Records and stored under strict Government control until the buyer decides to sell his Whisky.

BASIC GROWTH ECONOMICS OF SCOTCH WHISKY APPRECIATION

Scotch Whisky must be aged in Government Bonded Warehouses for a minimum period of three years—according to British Law—before it can be sold for human consumption. Most Scotch Blends sold today are four years old—and generally older—for the majority of export Blends require a minimum ageing period of four years.

Scotch Whisky is produced by more than 120 Distilleries. Each Distillery produces a unique product; one which is different to a degree from the Scotch produced by every other Distillery. Almost all Scotch Whisky bottled today is a combination of as many as 40 different Whiskies—from 40 different Distilleries—which have been blended to produce the characteristics found to be desirable in a specific Blend. Many of the largest blenders do not own a Distillery. Some Distillers do not own brands or engage in blending. Even where a Distillery owns one or more Blends, it is necessary for them to purchase individual Whiskies from outside sources in order to meet their individual requirements. It can be readily seen, therefore, that a vast amount of buying and selling is constantly taking place in the Scotch Whisky industry, as in every other commodity, viz: copper, zinc, tin, etc., and an active market always exists.

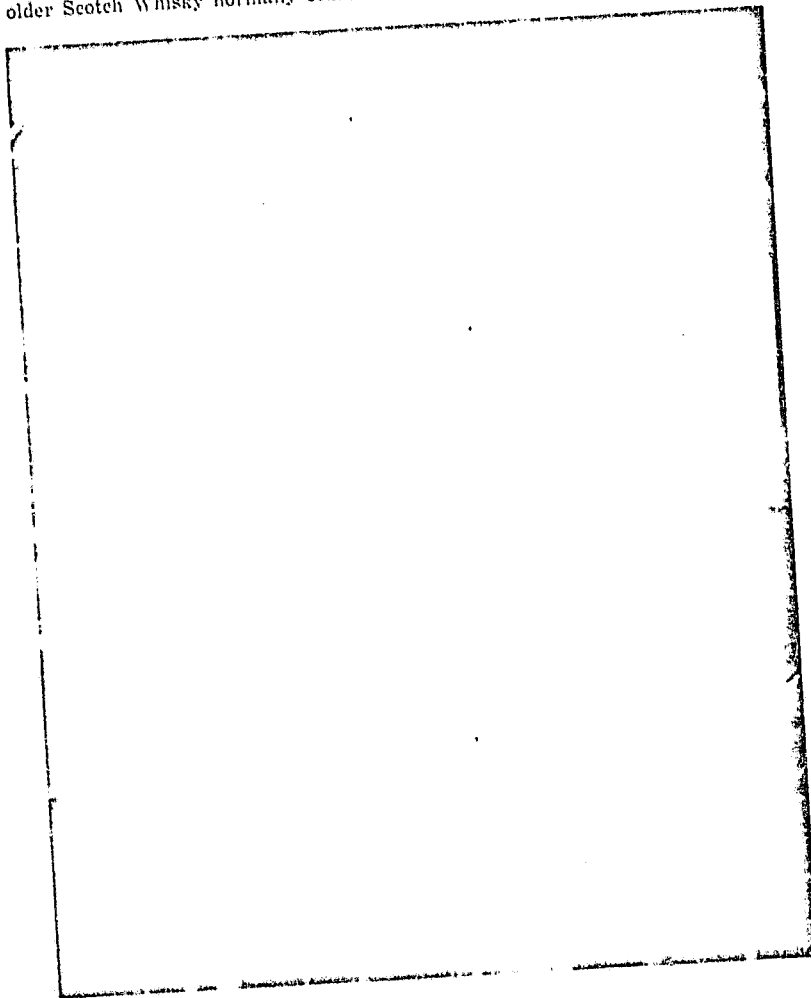
Because the Law of Scotland requires that Scotch Whisky be aged for a minimum of three years—and an ever larger quantity is aged for four, five, six years and upwards of ten and fifteen years—an enormous fund of capital is invested in an inventory of ageing stocks. This inventory has to be financed. There are many avenues of financing open to the industry. Normally a blender employs a combination of his own capital; bank loans; deals with institutions, and sales to individuals who are aware of the potential capital growth.

When Scotch Whisky is sold to an individual purchaser the blender realizes three distinct benefits: first he makes a profit on the sale; secondly, the blender receives cash which provides funds to continue his usual business of

blending, bottling, exporting, etc.; finally, he eliminates the time-consuming task of negotiating multiple bank loans with the high interest charges which are generally applicable nowadays.

It is important at this point to place on record the one basic economic fact about Scotch Whisky: Scotch Whisky ageing and maturing in wooden casks, and stored under the strict supervision of H.M. Customs and Excise, increases in value given normal trading conditions.

Prices of Scotch Whisky rise and fall just as they do for any other commodity. Price relationships also change, of course. However, the one unalterable fact of economic life is that, regardless of what happens at any point of time, older Scotch Whisky normally commands a higher price than younger Scotch.



TWO SCOTCH WHISKIES AVAILABLE FOR CAPITAL GAIN

A Single Malt Whisky

Malt Whisky is the product obtained by distilling Malted Barley, using the Potstill method of distillation, and is produced in Distilleries situated in the very heart of the Scottish Highlands. Malt Whiskies are full of individual character and bouquet, but are inclined to be too heavy and powerful for the majority of consumers. This difficulty is overcome by blending it with the second type of Whisky, viz:

B Grain Whisky

Grain Whisky is the product obtained by distilling a mixture of unmalted cereals and a small proportion of Barley Malt using the Patent-still method of distillation. The resulting spirit has very little initial flavour due to the rectifying action of the Patent-still. After a few years of storage, however, it develops a general mellowness which makes it ideally suited for its pre-destined marriage with the richer Malts in the blenders' vat.

SALEABILITY OF SCOTCH WHISKY

There are always buyers on hand for Scotch Whisky of all ages—from New Fillings to matured Scotch Whisky of all ages. The heaviest demand normally exists for four year old stock. The prudent purchaser, therefore, should plan to hold his parcel for a minimum of three years and more likely for four years in order to realize the maximum capital gains return on his purchase.

INVESTMENT IN SCOTCH WHISKY CAN FOLLOW THREE PLANS

Plan 1

It can be bought as one would buy a commodity future, held for appreciation then sold for capital gain when market conditions are favorable.

Plan 2

Raw Whiskey (fillings) can be bought each year for four years. At the end of the four year period, the first parcel is ready for blending. This now mature SCOTCH Whisky can be exchanged for new parcels of raw fillings in direct ratio to the then market prices of each. This, in a favorable market, may result in a substantial increase in that year's holdings without increasing the capital investment. Furthermore, a "Like Kind" exchange of property has been ruled to be tax-free so that taxes can be deferred until the SCOTCH is sold. This is particularly worthwhile for the investor preparing for retirement, or one who is arranging long-term distribution of his holdings.

Plan 3

The purchaser buys a parcel of new Scotch Whisky for four consecutive years. At the end of the fourth year the original parcel has attained a maturity of four years and is ready for blending. He then exchanges his mature Whisky for a similar quantity of New Fillings and accepts the difference in value in cash. This method, based on the simple fact that mature Scotch is generally worth more than new Scotch, produces an annual income every year thereafter. This

plan offers an excellent means of achieving an annual cash return on one's purchase, while leaving the original capital intact.

TRANSFERRING TITLE

It is easy to buy Scotch Whisky and the purchaser's holdings can be readily sold. The Delivery Order and title documents are in non-negotiable and non-transferable form in order to protect the holder. When the time comes to dispose of his holdings the purchaser in effect cancels his original document and creates a new document designating the new owner. This transfer is easily accomplished; no transfer tax is involved.

TAXES

American purchasers are exempt from income taxes and capital gains taxes in Great Britain on profits realized from Scotch Whisky purchases. This is in accordance with British Law.

A United States Citizen is not exempt if he has a home or is engaged in business in Great Britain.

A The following rulings have been enunciated by top grade Accountants here:

Provided:

1. The Investor is not resident in this country;
2. We, as a Company, do not hold the Whisky for him;
3. The investor has freedom of choice when he comes to sell his matured stock as to the Broker he wishes to sell through;

then he should not be assessable for tax on any Capital Gain which is made on the Whisky during the time the Investor has held it.

B Furthermore, an opinion has been received from the Internal Revenue Service to the effect that a purchase of immature Whiskies by American persons would not incur the imposition of the Interest Equalization Tax. The tax, as you know, applies to the purchase of shares of stock by a foreign (as to the United States) issuer and to the acquisition of a debt obligation of a foreign obligor. As they understand the transactions explained in our brochure, the purchaser acquires neither of these, but instead, title to a quantity of immature Whisky.

American purchasers are exempt from income taxes, paying only the lesser capital gains tax on profits realized from the sale of Scotch Whisky held over six months.

CASKS

Scotch Whisky is usually filled into American oak casks at the Distillery and remains there until maturity.

On making a purchase, the buyer becomes the owner of the casks at a price much below the manufacturing price. Strangely enough, this is in accordance with fixed internal trade practice. By way of some explanation, it should be stated that casks are made and sold by Coopers at prices which vary according to supply, demand and season but which are considerably higher than those charged on a flat rate basis. This procedure is a longstanding practice in the trade and one must appreciate the simple fact that the original purchaser of

casks from the Cooperage pays the full price ruling at the time and henceforth.

Barrels	50 gals. (approx.)	\$ 6.50	*D.O.R. Ref.
Hogsheads	60 gals. (approx.)	\$13.00	*D.O.R. Ref.
Butts	120 gals. (approx.)	\$26.00	*D.O.R. Ref.

***Deposit on receipt refundable**

These casks are destined to pass through many hands at the firmly established trade prices as follows:

The holder on selling will recover his outlay on this basis.

The difference between the Cooperage price and the trade price represents a loss which is accepted throughout the Trade in conformity with longstanding practice.

ORIGINAL PROOF GALLONS—O.P.G.

Generally speaking, Scotch Whisky is bought and sold on the original proof gallonage basis—at least up to, say, four years old. No statutory law exists, but in accordance with trade practice, H.M. Customs and Excise permit a 9 percent loss due to evaporation over the first three years and 2 percent per annum thereafter. Whisky Bought and sold within the period of, say, three to four years is on the basis of original proof gallonage *irrespective of actual liquid content*. Beyond this period a regauging operation is possible, that is to determine the actual contents of each cask at the material time, but this is of little concern to a seller as the prevailing market price makes provision for this and the seller is protected.

**THAT'S WHERE GLEN-ARDEN COMMODITIES, INC.
ENTERS THE PICTURE**

As specialists, trading only in Scotch Whisky, Glen-Arden Commodities, Inc., has developed a simplified technique for cutting through the entangling snares of endless red-tape, eliminating confusing and complicated procedures. As a Glen-Arden client, you will be able to take full advantage of the opportunities afforded by investing in Scotch Whisky.

It is our aim and interest to do whatever we can to help obtain for our clients the best possible profit with the least amount of risk. Therefore, we recommend the purchase of Grain Whisky and selected investment grade Malt Whisky. Glen-Arden sells Grain Scotch by the barrel. Each barrel contains approximately 50 gallons—gauged and chartered exactly under Her Majesty's Customs and Excise Supervision. The price per gallon is at the published Glen-Arden "Current Pricing Schedule" in effect at the time of the transaction (the latest published Schedule is enclosed for your information).

The "per gallon" price represents a total investment for the maturing period. It includes all our administrative and sales costs, communications, handling and cooperage. Warehousing for four years, as well as two Lloyds of London insurance certificates, one insuring the buyer against fraud, error or omission on the part of the Warehousekeeper, and the other against any physical damage while the Whisky is in the government bonded warehouse are included. The first is for twice the amount of the declared value (buyer's investment), and the latter at the declared value plus 10 percent the first year, plus 50 percent the second year, plus 100 percent the third and fourth years.

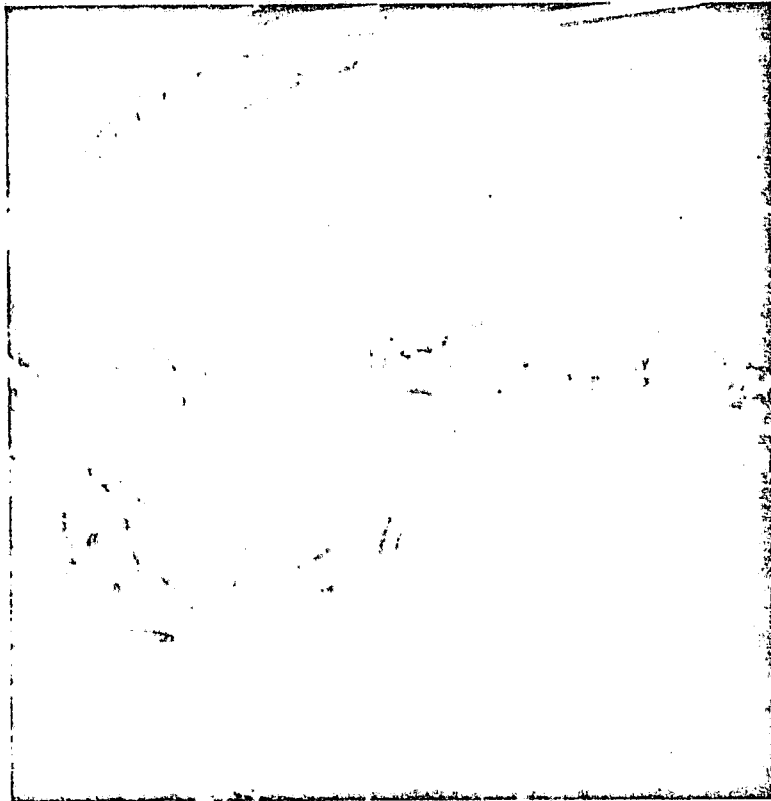
Malt Whisky is sold by the gallon with all collateral costs—whisky, casks, warehouse and insurance invoiced separately.

CONCLUSION

What has been set out in the previous pages represents a broad summary of what is involved in taking a practical interest in one of the main expanding industries in the world today. Providing the well-being of world trade in general continues to progress—and a modern business awareness now, happily, predominates in the thinking of the new rising generation who, in the main, discount spectacular booms to be followed by disastrous slumps as in days gone by—then in the light of past experience the product with which we are concerned will reach wider and wider markets and continue to make its own significant contribution to man's enjoyment in his increasing hours of leisure.

We are happy at all times to discuss matters pertaining to our proposition with any correspondent—whether he is considering making a purchase or not. The Scotch Whisky Trade down the long years has never failed to maintain its "mystique" quality and an impression we have held over a very long period is that he is the exception who has no desire for further information on the subject.

In the line of business we naturally hope our proposition will make its appeal and encourage further enquiry. In any case we trust the reader's interest has been aroused.



MALT DISTILLERIES

Speyside is regarded as the main distilling area; the shaded portion in the accompanying map illustrates the prime malt distilling area.

Alphabetical List		Numerical List		Alphabetical List		Numerical List	
	No.	No.			No.	No.	
Ardbeg (I.M.)	23	1	Pulteney (H.M.)	Caperdonich (H.M.)	69	11	Linkwood (H.M.)
Auchentoshan (L.M.)	32	2	Clynelish (H.M.)	Cardow (H.M.)	41	12	Inchgower (H.M.)
Balblair (H.M.)	3	3	Balblair (H.M.)	Coleburn (H.M.)	64	13	Glenlassaugh (H.M.)
Ben Nevis (H.M. & G.)	41	4	Glenmorangie (H.M.)	Convalmore (H.M.)	51	14	Banff (H.M.)
Ben Wyvis (H.M.) as		5	Teatinich (H.M.)	Craigellachie (H.M.)	53	15	Macduff (H.M.)
with Invergordon	43	6	Dalmore (H.M.)	Cragganmore (H.M.)	37	16	Glenugie (H.M.)
Bladnoch (L.M.)	18	7	Ord (H.M.)	Dalluaine (H.M.)	43	17	Glendronach (H.M.)
Bowmore (I.M.)	27	8	Tullibardine (H.M.)	Dallas Dhu (H.M.)	29	18	Glenarioch (H.M.)
Brulachdich (I.M.)	28	9	Cameronbridge (G.)	Dalwhinnie (H.M.)	49	19	Fettercairn (H.M.)
Bunnahabhain (I.M.)	21	10	Strathmore (H.M.)	Duftown (H.M.)	28	20	North Port (H.M.)
Caledonian (G.)	15	11	Cambus (G.)	Edradour (H.M.)	20	21	Glenacadam (H.M.)
Cambus (G.)	11	12	Carsebridge (G.)	Fettercairn (H.M.)	20	22	Glencadam (H.M.)
Cameronbridge (G.)	9	13	Rosebank (L.M.)	Glen Albyn (H.M.)	1	23	Montrose (G.)
Caol Ila (I.M.)	22	14	St. Magdalene (L.M.)	Glenburgie (H.M.)	7	24	Lochside (H.M.)
Carsebridge (G.)	12	15	Caledonian (G.)	Glencadam (H.M.)	22	25	Glenfarrar (H.M.)
Clynelish (H.M.)	2	16	North British (G.)	Glendronach (H.M.)	17	26	Aberfeldy (H.M.)
Dalmore (H.M.)	6	17	Glenkinchie (L.M.)	Glendullian (H.M.)	47	27	Blair Athol (H.M.)
Dumbarton (G.)	35	18	Bladnoch (L.M.)	Glen Elgin (H.M.)	65	28	Edradour (H.M.)
Girvan (G.)	45	19	Springbank (C.M.)	Glenfarrar (H.M.)	38	29	Dalwhinnie (H.M.)
Glenfyne (H.M.)	38	20	Glen Scotia (C.M.)	Glenfiddich (H.M.)	48	30	Speyside (H.M.)
Glenfyne (H.M.)	38	21	Bunnahabhain (I.M.)	Glenfarrar (H.M.)	18	31	Royal Lochnagar (H.M.)
Glenfyne (H.M.)	38	22	Caol Ila (I.M.)	Glenfarrar (H.M.)	13	32	Tomatin (H.M.)
Glenfyne (H.M.)	38	23	Ardbeg (I.M.)	Glen Grant (H.M.)	60	33	Balmennach (H.M.)
Glenfyne (H.M.)	38	24	Malt Mill (I.M.)	Glen Keith (H.M.)	56	34	The Glenlivet (H.M.)
Glenfyne (H.M.)	38	25	Lagavulin (I.M.)	Glen Keith (H.M.)	34	35	Ardmore (H.M.)
Glenfyne (H.M.)	38	26	Laphroaig (I.M.)	Glenlivet, The (H.M.)	9	36	Tormore (H.M.)
Glenfyne (H.M.)	38	27	Bowmore (I.M.)	Glen Mhor (H.M.)	2	37	Cragganmore (H.M.)
Glenfyne (H.M.)	38	28	Brulachdich (I.M.)	Glen Moray (H.M.)	10	38	Glenfarrar (H.M.)
Glenfyne (H.M.)	38	29	Port Dundas (G.)	Glen Rothes (H.M.)	61	39	Knockando (H.M.)
Glenfyne (H.M.)	38	30	Strathclyde (G.)	Glen Spey (H.M.)	62	40	Tamduh (H.M.)
Glenfyne (H.M.)	38	31	Kinloch (L.M.)	Glen Tauchers (H.M.)	54	41	Cardow (H.M.)
Glenfyne (H.M.)	38	32	Auchentoshan (L.M.)	Glen Tauchers (H.M.)	25	42	Imperial (H.M.)
Glenfyne (H.M.)	38	33	Glenfyne (H.M.)	Glen Turret (H.M.)	16	43	Dalluaine (H.M.)
Glenfyne (H.M.)	38	34	Littlemill (L.M.)	Glenugie (H.M.)	19	44	Benrinnes (H.M.)
Glenfyne (H.M.)	38	35	Dumbarton (G.)	Glenury (H.M.)	42	45	Aberlour (H.M.)
Glenfyne (H.M.)	38	36	Inverleven (M.)	Imperial (H.M.)	12	46	Mortlach (H.M.)
Glenfyne (H.M.)	38	37	Loch Lomond (H.M.)	Inchgower (H.M.)	39	47	Glendullian (H.M.)
Glenfyne (H.M.)	38	38	Glenfyne (H.M.)	Knockando (H.M.)	58	48	Glenfiddich (H.M.)
Glenfyne (H.M.)	38	39	Oban (H.M.)	Knockdhu (H.M.)	11	49	Duftown (H.M.)
Glenfyne (H.M.)	38	40	Glenloch (H.M.)	Linkwood (H.M.)	24	50	Belvenie (H.M.)
Glenfyne (H.M.)	38	41	Ben Nevis (H.M. & G.)	Lochside (H.M.)	66	51	Convalmore (H.M.)
Glenfyne (H.M.)	38	42	Talisker (H.M.)	Longmorn (H.M.)	52	52	Macallan (H.M.)
Glenfyne (H.M.)	38	43	Invergordon (G.) and	Macduff (H.M.)	15	53	Craigellachie (H.M.)
Glenfyne (H.M.)	38	44	Ben Wyvis (H.M.)	Millburn (H.M.)	3	54	Glenfarrar (H.M.)
Glenfyne (H.M.)	38	45	Jura (H.M.)	Milton Duff (H.M.)	8	55	Strathmill (H.M.)
Glenfyne (H.M.)	38	46	Girvan (G.) and	Montrose (G.)	23	56	Glen Keith (H.M.)
Glenfyne (H.M.)	38		Ladyburn (L.M.)	Mortlach (H.M.)	21	57	Strathisla (H.M.)
Glenfyne (H.M.)	38		Moffat (G.L.M.)	North Port (H.M.)	4	58	Knockdhu (H.M.)
Glenfyne (H.M.)	38			Royal Brackla (H.M.)	63	59	Aultmore (H.M.)
Glenfyne (H.M.)	38			Royal Lochnagar (H.M.)	31	60	Glen Grant (H.M.)
Glenfyne (H.M.)	38			Speyburn (H.M.)	63	61	Glen Rothes (H.M.)
Glenfyne (H.M.)	38			Speyside (H.M.)	30	62	Glen Spey (H.M.)
Glenfyne (H.M.)	38			Strathisla (H.M.)	57	63	Speyburn (H.M.)
Glenfyne (H.M.)	38			Strathmill (H.M.)	55	64	Coleburn (H.M.)
Glenfyne (H.M.)	38			Tamduh (H.M.)	40	65	Glen Elgin (H.M.)
Glenfyne (H.M.)	38			Tomatin (H.M.)	32	66	Longmorn (H.M.)
Glenfyne (H.M.)	38			Tomintoul (H.M.)	68	67	Benrath (H.M.)
Glenfyne (H.M.)	38			Tormore (H.M.)	36	68	Tomintoul (H.M.)
Glenfyne (H.M.)	38				69	69	Caperdonich (H.M.)

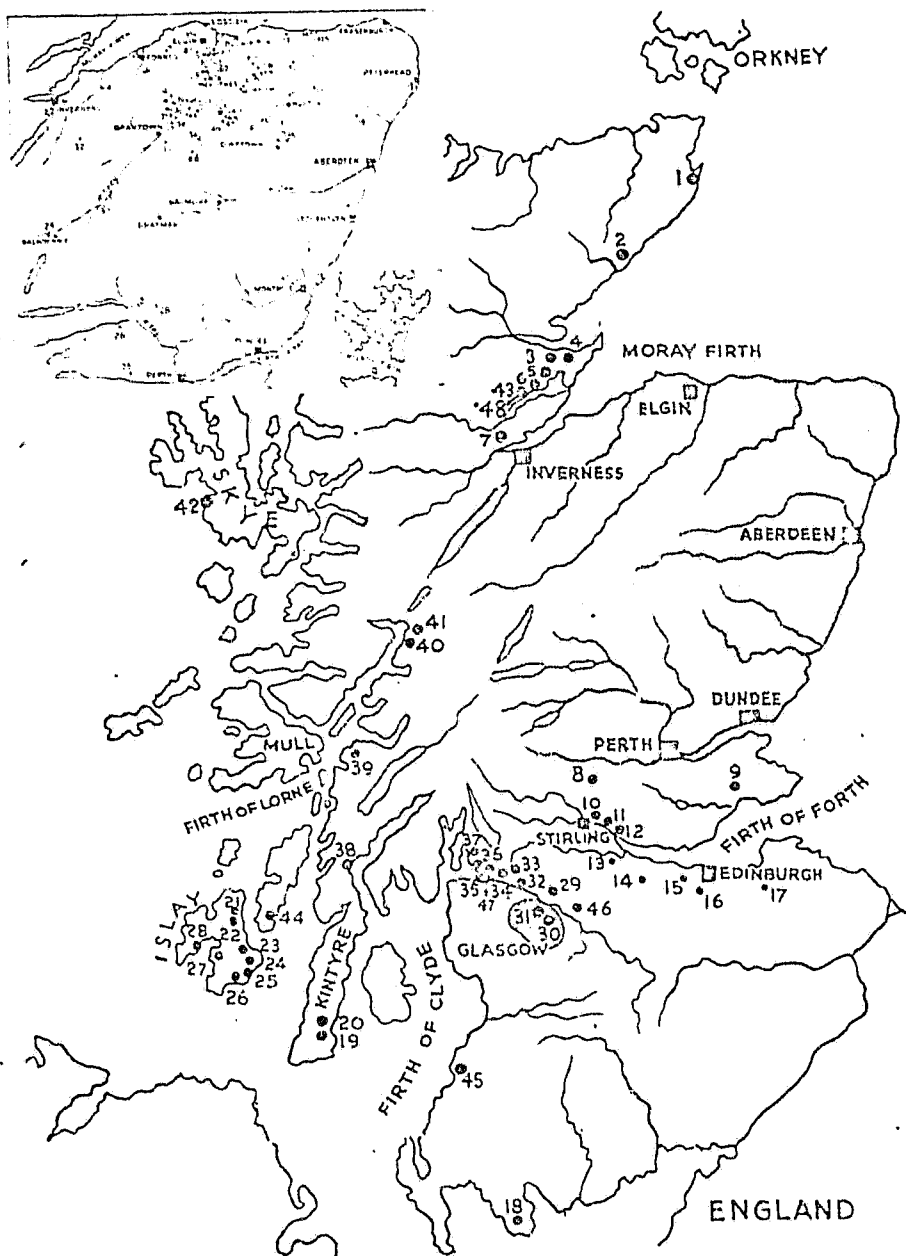
NORTH-EAST SCOTLAND

Alphabetical List		Numerical List	
	No.	No.	
Aberfeldy (H.M.)	26	1	Glen Albyn (H.M.)
Aberlour (H.M.)	45	2	Glen Mhor (H.M.)
Ardmore (H.M.)	35	3	Millburn (H.M.)
Aultmore (H.M.)	59	4	Royal Brackla (H.M.)
Balmennach (H.M.)	33	5	Benrinnes (H.M.)
Benrinnes (H.M.)	50	6	Dallas Dhu (H.M.)
Banff (H.M.)	14	7	Glenburgie (H.M.)
Benrath (H.M.)	67	8	Milton Duff (H.M.)
Benrinnes (H.M.)	44	9	Glenlossie (H.M.)
Blair Athol (H.M.)	27	10	Glen Moray (H.M.)

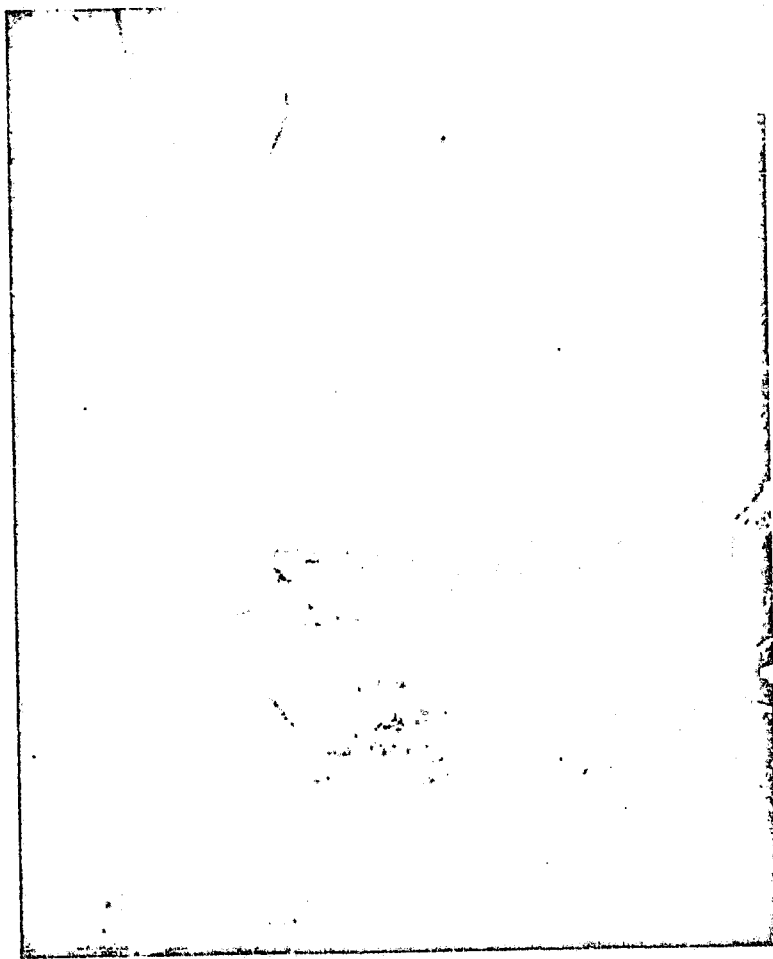
ORKNEY

Alphabetical List		Numerical List	
	No.	No.	
Highland Park (H.M.)	1	1	Highland Park (H.M.)
Scapa (H.M.)	2	2	Scapa (H.M.)

H.M. = Highland Malt L.M. = Lowland Malt I.M. = Islay Malt C.M. = Campbeltown Malt G = Grain



Glen-Arden Commodities, Inc.
175 Greenwich Avenue, Greenwich, Conn. 06830
Tel: 203 869-0763





EXECUTIVES TAX REPORT

& *What's Happening* IN TAXATION

PRENTICE-HALL, INC.
Englewood Cliffs • New Jersey

May 22, 1972

How to Buy Scotch By The Barrel—and Let Others Drink to Your Profit

Scotch Whisky is not only a good drink—it can be a good investment too.

➤ **HOW IT WORKS** ➤ You buy newly distilled Scotch stored in casks in warehouses in Scotland. You sit tight for four years while it ages and then sell it—or trade it for more raw Scotch. *Result:* Under "normal trading conditions," you'll wind up with a profit. In fact, statistics show that four-year old Scotch averages more than twice the value of raw Scotch.

Many astute executives are enthusiastic about this relatively new field for U.S. investors. They cite the following reasons for putting big money in raw Scotch:

(1) **Top profit potential:** World consumption is growing every year—it is estimated that it will reach 80 million gallons by 1974. But it's more than a case of growing demand: The simple fact is that the value of the Scotch increases with the age of the Scotch. So the general rule is that four-year Scotch has a higher value than three-year Scotch.

➤ **WHY THE SCOTS SELL RAW WHISKY** ➤ If profits are so good, why let individual investors cash in? *Answer:* Because the blender gets a double benefit: (1) He sells the raw whisky for a profit; and (2) He gets ready cash to run his business without paying any interest.

(2) **Hedge against inflation:** Scotch is a growing favorite as an investment hedge against inflation. *Reason:* The value of Scotch has traditionally appreciated faster than prices in general have risen.

(3) **Small investment required:** The minimum investment is relatively low. One broker asks for a minimum of 1,000 gallons (at \$3.40 a gallon for raw blend and \$3.85 a gallon for raw malt), while another accepts minimum purchases as small as \$1,000.

(4) **Lightly taxed profits:** Great Britain imposes no tax on your profits and the U.S. treats your long-term profits as tax-sheltered capital gain.

➤ **ANOTHER TAX BENEFIT** ➤ The interest equalization tax paid by U.S. investors in foreign securities does not apply to purchasers of raw Scotch.

What are the costs of owning raw Scotch? You must pay for storage, insurance (an all-risk policy, including fire insurance, and a title insurance policy), commissions, and cask costs. These costs are included in the package—and run from 20% to 25% of the cash you put up.

How does raw Scotch compare with other investments? In brief, Scotch has more stability than stock—and more liquidity than real estate.

• **Scotch vs. stock:** Stock market fluctuations aren't always caused by economic changes. Often, stock prices take a nosedive because of a dramatic news event or an excess of pessimism by investors and traders. Owning Scotch is different.

Advantage: The price of Scotch is based on supply and demand. As a result, it is not as subject to the whims of the investing public. For the most part, Scotch, therefore, is more stable and predictable.

• **Scotch vs. real estate:** A major drawback to most real estate investing is the lack of a ready market for your holdings. It's often difficult to get your cash out in a hurry—so your money is tied down for long periods of time.

Advantage: There is a ready market for Scotch of all ages—from 1 day old to 25 years old.

*****IMPORTANT**→ Because demand is normally greatest for four-year old Scotch, you are encouraged to hold your parcel for at least that long.

Your choice after four years: One leading company dealing in Scotch asks clients three questions at the end of their four years:

(1) **Do you want to sell?** The company provides the current price quotations.

(2) **Do you want to exchange all your whisky for raw whisky?** You get more gallons of raw whisky since the aged whisky is traditionally more valuable. The company tells you the exact number of gallons you get on exchange.

*****ANOTHER TAX BREAK**→ You pay no income tax when you exchange parcels of whisky.

(3) **Do you want to exchange your whisky for the same number of gallons of raw whisky and take the difference in cash?** The company tells you the exact amount of cash you get under this choice.

The choice is up to you. Option (2) or (3) is usually recommended by the company. *Reason:* It's easier for the company to sell to its present investors than to go out and find new ones.

Under (2), you pyramid the number of gallons you own. Option (3) provides a cash return while you own the same number of gallons of Scotch.

Caution: Investing in Scotch is only for the man who's willing to let his money ride for 4 years—without an annual income. There are no dividends, interest, or rents coming in while you wait.

The appreciation in the value of the Scotch prorated over four years generally compares favorably with the annual rates of return from other investments. What you get is appreciation—rather than current income.

*****HOW TO COME OUT A DOUBLE WINNER**→ It's possible you can set things up to get appreciation and income. Brokers, distillers and blenders suggest you buy a parcel each year for four years. You then exchange the four-year parcel every year for the same number of gallons of zero-age whisky—plus cash. *Result:* You have cash income every year after the fourth year plus gallons of valuable whisky you can sell any time.

The mechanics of buying, owning and selling Scotch: It's almost as easy as buying and selling stock. You buy the whisky from a broker and receive a Delivery Order. (The whisky is stored in a Government-bonded warehouse.) The Order directs the warehouse to pass title from the seller to you. The warehouse sends you a Transfer Warrant acknowledging that it is holding your segregated casks of whisky. When you sell, the broker will give you a new Delivery Order to sign over the Scotch.

THE EXECUTIVES TAX REPORT brings you **IDEAS** for reducing taxes. When these ideas seem to fit your situation, it is recommended that you discuss them with your professional adviser before taking action.

Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"

CURRENT PRICING SCHEDULE

SCOTCH MALT WHISKY

Effective - May 10, 1973

<u>BONDING DATE</u>	<u>DISTILLERY</u>	<u>AGE</u>	<u>PRICE</u>
March, 1968	Macduff - Highland Malt	5 years	\$5.60
Sept., 1968	Tomintoul - Glenlivet	4½ years	6.65
Oct., 1968	Tomintoul - Glenlivet	4½ years	6.65
** Nov., 1968	Tomintoul - Glenlivet	4½ years	6.65
April, 1969	Macduff - Highland Malt	4 years	5.25
* May, 1969	Aberlour - Glenlivet	4 years	6.50
Nov., 1969	Tomintoul - Glenlivet	3½ years	6.50
* Dec., 1970	Glenfarclas - Glenlivet	2½ years	5.60
March, 1971	Tomatin - Highland Malt	2 years	4.25
Sept. 1971	Tomatin - Highland Malt	1½ years	4.25
Oct., 1972	Tomatin - Highland Malt	7 months	3.85

MINIMUM ORDER 5 CASKS

Special Notes:

Price is cost of Whisky only.

All prices subject to change without notice.

Quantities subject to availability at time of purchase.

Casks = Hogsheads approx. 60 O.P.G. @ \$13.00 - Refundable deposit

*Barrels approx. 50 O.P.G. @ \$6.50 Refundable deposit

**Butts approx. 110 O.P.G. @ \$17.50 - Refundable deposit

Warehouse storage (invoiced direct) 8 cents per gallon per year

Insurance - "All Risk" (invoiced direct) 2.125% for 4 years

"Title" (invoiced direct) 1.25% for 4 years

Scotch Whisky for possible long term capital gains

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"

CURRENT PRICING SCHEDULE

Effective - April 1, 1973

Note: Current pricing is at \$2.80 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,400	150	\$21,000
20	2,800	200	28,000
30	4,200	250	35,000
40	5,600	300	42,000
50	7,000	400	56,000
60	8,400	500	70,000
75	10,500	750	105,000
100	14,000	1000	140,000

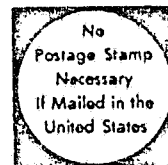
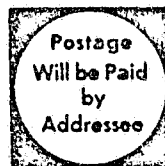
Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for four years, two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.

Scotch Whisky for possible long term capital gains

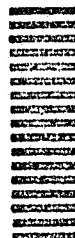
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763



BUSINESS REPLY MAIL

First Class Permi: No. 682, Greenwich, Conn. 06830

GLEN-ARDEN COMMODITIES, INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830



I am interested in obtaining further information and
details relative to Scotch Whisky purchases.

NAME.....

ADDRESS.....

CITY.....STATE.....

TELEPHONE.....



Burn, Stewart & Co., Ltd

Blenders, Bottlers and Exporters of Scotch Whisky

79, MARYLEBONE LANE, LONDON, W.1

Cables/Telegrams:
PETNOR, LONDON, W.1.

Telex:
263525

Telephone:
01-486 5335

DG/EMJ

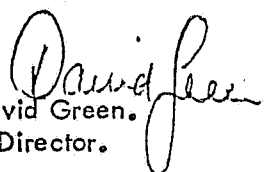
16th April, 1973.

Mr. Albert J. Deeb,
President,
Glen-Arden, Commodities Inc.,
175 Greenwich Avenue,
Greenwich, Conn. 06830,
U.S.A.

Dear Mr. Deeb,

I should like to confirm my conversation regarding
any Scotch Malt whiskies on which dealings are done between
us that we are selling these goods to you on the understanding
that at the time of sale Burn Stewart (Marylebone) Ltd., are
given first option to purchase at the then current market price.

Yours sincerely,
BURN STEWART & CO. LTD.


David Green.
Director.

Gen-Arden Commodities, Inc.

"Scotch Whisky is Good"

The Evening Bulletin Tuesday, April 3, 1973

PBW May Take Shot At Scotch Whisky

By MARIO A. MILLETTI
Of The Bulletin Staff

Officials of the PBW Stock Exchange are cultivating a taste for whisky — Scotch whisky contracts, that is.

There's no central market for such contracts, says Arnold F. Staloff, a vice president of the exchange who's seriously considering the idea.

The contracts for whisky by the barrel are bought and sold through brokers who aren't usually members of an exchange.

Future in Futures?

A central market for whisky contracts would make it easier for buyers to sell a Scotch contract before the aging process is completed — when they're usually sold — and so provide liquidity, Staloff says.

The exchange also sees a future in foreign-exchange futures.

Staloff says businessmen who buy relatively small amounts of foreign currencies — a few thousand dollars to possibly \$1,000,000 — could deal in futures contracts for currencies on the PBW at less cost than banks now charge for the service.

Off to Europe

A futures contract guarantees the buyer he'll get the currency at a pre-determined price when he needs it, even



Roll Out the Barrel?

though its value might fluctuate wildly in the meantime.

Foreign currency futures are traded on the Chicago Mercantile Exchange but buyers and sellers there are "mainly speculators, not local businessmen," Staloff says.

He said he was "hopeful" PBW members could offer the contracts in a "year or so."

The PBW is also beating the bushes for new business abroad.

George S. Hender, a vice president, says he and other officials plan to go to Europe shortly to follow up on previous visits selling brokers there on the idea of trading through PBW members.

Hender says, "We'd also like to get some major European companies, whose stock isn't traded in the U.S. at all, to list their shares on our exchange."

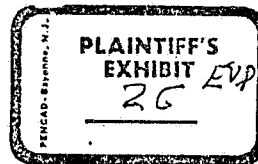
Scotch Whisky for possible long term capital gains

175 Greenwich Avenue, Greenwich Conn. 06830 Tel. 203 869-0763

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

"Scotch Whisky in Bond"



Dear Sir:

At the present time when people are searching for a hedge against inflation, and against a repetition of a severe Stock Market decline, it appears appropriate to suggest Raw Scotch whisky as a possible answer for Capital Gains at maturity.

With a serious decline in stock market values and severe losses to stock holders, Milbank of N.Y. customers holding 1966 mature Scotch have realized a profit in the exchange for new fillings or in the cash sale of their 1966 holdings thru Scotch Brokers.

SCOTCH WHISKY is distilled only in Scotland under strict Government supervision, and is then placed in Government Bonded Warehouses, where it is registered with the Customs and Excise Departments, and must mature a minimum of Four Years for U.S. consumption.

Immediately after distillation, raw Whisky is frequently sold to large buyers who in turn resell the commodity to individual purchasers in smaller allotments. The purchase and sale of Whisky is our business. We are not brokers. We charge no commissions. We do, however, make a profit on the product we sell.

While the Owner of raw Whisky may offer it for sale at any time, the keenest market is for SCOTCH which meets the legal minimum age requirements for its largest market, i.e. the U.S., which is to say the 4-year old market. Normally, the longer SCOTCH ages, the more valuable it becomes.

If the buyer holds raw Whisky until maturity and realizes a profit on its resale, the profit is taxed as a capital gain. In our opinion, regardless of the amount of a person's ordinary income during the course of the year, the profit he realizes will be taxed at the rate of 25%, and he may defer the payment of the tax on his capital gain by exchanging the matured SCOTCH for raw SCOTCH.

We do not, of course, guarantee that a capital gain will be realized, because Whisky is a commodity and its value does fluctuate.

The raw Whisky we sell to our customers is insured by Lloyds of London under two certificates: one protects the buyer against fraud, error or omission on the part of the Warehousekeeper at twice the purchase price of the Whisky; the other policy covers the buyer against any losses resulting from physical damage while the Whisky is in the Government Bonded Warehouse in a sum equal to the purchase price plus 10% the first year; plus 50% the second year; and plus 100% the third and fourth years.

If you would like to learn more about SCOTCH WHISKY, please fill in and mail the enclosed card and we will be glad to make additional details available to you, without obligation.

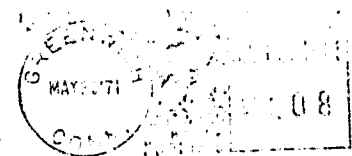
Sincerely,

Handwritten signature of Albert J. Deeb

Albert J. Deeb, President

Handwritten note:
Card mailed
5/27/71

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830



Mr. E.K. Lorenz
Lorenz & Lorenz
1025 Conn. Ave.
Washington D.C. 20036



Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"

LORENZ EXH. 22 (W)

11/16/72

7/1-7/2

Dear Sir:

At the present time when people are searching for a hedge against inflation, and against a repetition of a severe Stock Market decline, it appears appropriate to suggest Raw Scotch whisky as a possible answer for Capital Gains at maturity.

SCOTCH WHISKY is distilled only in Scotland under strict Government supervision, and is then placed in Government Bonded Warehouses, where it is registered with the Customs and Excise Departments, and must mature a minimum of Four Years for U.S. consumption.

Immediately after distillation, raw Whisky is frequently sold to large buyers who in turn resell the commodity to individual purchasers in smaller allotments. The purchase and sale of Whisky is our business. We are not brokers. We charge no commissions. We do, however, make a profit on the product we sell.

While the Owner of raw Whisky may offer it for sale at any time, the keenest market is for SCOTCH which meets the legal minimum age requirements for its largest market, i.e. the U.S., which is to say the 4-year old market. Normally, the longer SCOTCH ages, the more valuable it becomes.

If the buyer holds raw Whisky until maturity and realizes a profit on its resale, the profit is taxed as a capital gain. In our opinion, regardless of the amount of a person's ordinary income during the course of the year, the profit he realizes will be taxed at the rate of 27%, and he may defer the payment of the tax on his capital gain by exchanging the matured SCOTCH for raw SCOTCH.

We do not, of course, guarantee that a capital gain will be realized, because Whisky is a commodity and its value does fluctuate.

The raw Whisky we sell to our customers is insured by Lloyds of London under two certificates: one protects the buyer against fraud, error or omission on the part of the Warehousekeeper at twice the purchase price of the Whisky; the other policy covers the buyer against any losses resulting from physical damage while the Whisky is in the Government Bonded Warehouse in a sum equal to the purchase price plus 10% the first year; plus 50% the second year; and plus 100% the third and fourth years.

If you would like to learn more about SCOTCH WHISKY, please fill in and mail the enclosed card and we will be glad to make additional details available to you, without obligation.

Sincerely,

Albert J. Deeb, President

Scotch Whisky for possible long term capital gains

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

LORENZ EXH. No. 23

Milbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"

11/16/72



CURRENT PRICING SCHEDULE

Effective - February 7, 1972

Note: Current pricing is at \$2.80 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,400	150	\$21,000
20	2,800	200	28,000
30	4,200	250	35,000
40	5,600	300	42,000
50	7,000	400	56,000
60	8,400	500	70,000
75	10,500	750	105,000
100	14,000	1000	140,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for four years. two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

June 4, 1971



Mr. E. Kendall Lorenz
1025 Connecticut Ave., N.W. Suite 309A
Washington, D.C.

Dear Mr. Lorenz:

Enclosed please find the copies of tax rulings pertaining to Scotch Whisky that you requested.

Sincerely,

Charles J. Loffman Sr.
Representative

CJL/sl
encs.

(5). As a result of a service areas between two ns, in 1970 Corporation D same characteristics as the described in example (3)) pipeline running north and replaced it with a pipeline length and capacity running est. No part of the pipeline t and west is property sub- election.

er of making election. described in paragraph section shall be made by ulate, with the Commis- sional Revenue, Washing- 224, Attention, T:I:E, a such election.

t of statement. The state- ed in paragraph (c) of all indicate that an elec- made under section 167 sional Revenue Code of all contain the following

me, address, and tax- cation number of the

the taxpayer will use hod of determining the ualified public utility ed in paragraph (c) an engineering meth-

the taxpayer wishes to portion of its public n the election pursu- ons of paragraph (a) n, a description suf- ntify the property to

making election. The by this section shall the statement de- sh (c) of this section day, June 29, 1970, method of determin- ualified property, which has elected

pursuant to the provisions of section 167(l)(4)(A) wishes to change, pursuant to the provisions of paragraph (b)(2) of this section, from an engineering data method of determining which of its property is qualified public utility property to the formula method described in paragraph (c) of this section, it may do so by filing a statement to that effect at the time that it files its income tax return, with the district director or director of the regional service center, with whom the taxpayer's income tax return is required to be filed.

(i) *Revocability of election.* An election made under section 167(l) shall be irrevocable.

(j) *Effective date.* The election prescribed by section 167(l)(4)(A) and this section shall be effective for taxable years beginning after December 31, 1970.

Because the election provided in section 167(l)(4)(A) must be made not later than June 29, 1970, it is found impracticable to issue this Treasury decision subject to the effective date limitation of 5 U.S.C. § 553(d).

(This Treasury decision is issued under the authority contained in sections 167(l) and 7805 of the Internal Revenue Code of 1954 (68A Stat. 917, 63 Stat. 625; 26 U.S.C. 167, 7805).)

RANDOLPH W. THROWER,
Commissioner of Internal Revenue.
Approved June 5, 1970.

EDWIN S. COHEN,
Assistant Secretary of the
Treasury.

(Filed by the Office of the Federal Register on June 5, 1970, 2:29 p.m., and published in the issue of the Federal Register for June 10, 1970, 35 F.R. 8932)

Section 212.—Expenses for Production of Income

26 CFR 1.212-1: *Nontrade or nonbusiness expenses.*

Insurance and storage charges incurred in connection with warehouse receipts

representing whiskey still in the process of aging. See Rev. Rul. 70-356, below.

26 CFR 1.212-1: *Nontrade or nonbusiness expenses.*

Deductibility of administration expenses where estate desires to deduct other items under section 2053 of the Code. See Rev. Rul. 70-361, page 22.

Section 263.—Capital Expenditures

26 CFR 1.263(a)-1: *Capital expenditures; in general. (Also Sections 212, 1012; 1.212-1, 1.1012-1.)*

Insurance and storage costs incurred during the aging process of whiskey purchased as an investment are capital expenditures to be treated as part of the acquisition costs of the whiskey.

Rev. Rul. 70-356

An individual taxpayer purchased whiskey warehouse receipts as an investment. The warehouse receipts, at the time of their purchase, represented whiskey that was still in the process of aging. After purchasing the warehouse receipts, the taxpayer paid insurance and storage costs for the whiskey during the aging period.

Held, the insurance and storage costs paid in connection with the whiskey purchased as an investment are not deductible as expenses for the production of income under section 212 of the Internal Revenue Code of 1954, but must be capitalized as part of the acquisition costs of the whiskey under sections 263 and 1012 of the Code. See *George L. Schultz et ux. v. Commissioner*, 50 T.C. 688 (1968), affirmed per curiam, 420 F.2d 490 (1970).

Section 332.—Complete Liquidations of Subsidiaries

26 CFR 1.332-1: *Distributions in liquidation of subsidiary corporation; general.*

A parent corporation is not required to continue in the business

911. Exchange for Property of Like Kind. No gain or loss is recognized upon the exchange of property held for productive use in a trade or business, or for investment, solely for property of a like kind to be held either for productive use in a business or for investment. This rule does not cover stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest (Code Sec. 1031, Reg. § 1.1031(a)-1).¹ It does cover "trade-in" allowances (see § 951).

An exchange of real property for personal property is not a "like kind" exchange. However, the exchange of city real estate for a ranch or farm involves property of "like kind," as does also an exchange of a leasehold of a fee with 30 years or more to run for real estate.² An exchange of land for standing timber (the right to cut and remove it) is not a "like kind" exchange.³

Without deciding whether oil payment rights carved out of a longer-lived mineral interest and real estate (an interest in a ranch) were "like kind" properties, the Supreme Court held that the assignment of such rights for an interest in a ranch was not a nontaxable exchange, because the assignment of the oil payment rights was merely an assignment of anticipated income.⁴ See § 709.

For the basis of property received in this type of exchange, see § 918. Where "Sec. 1245 property" or "Sec. 1250 property" is exchanged, see § 928.

No gain or loss results from exchange of: (1) life insurance contracts; (2) a life insurance contract for an endowment or an annuity contract; (3) two annuity contracts; (4) an endowment insurance contract for an annuity contract; or (5) two endowment insurance contracts if the new contract provides for regular payments beginning on a date not later than the date payments would have begun under the old contract (Code Sec. 1035, Reg. § 1.1035-1).⁵

912. Exchange for Property of Like Kind Plus Cash or Other Property. If an exchange of property for property of like kind is within the rule set out in § 911, and other (unlike) property or money is also received upon the exchange, the gain, if any, is recognized, but not in excess of the sum of the money and the fair market value of the other property received. (Code Sec. 1031(b), Reg. § 1.1031(b)-1).⁶ Under no circumstances may a loss from a similar exchange be deducted (Code Sec. 1031(c), Reg. § 1.1031(c)-1).⁷ This rule is also applied to an exchange which would be tax-free within the rules set out in § 915 and 916 if it were not for the fact that the property received in exchange consists not only of property permitted to be received without recognition of gain but also of other property or money.

Example. Smith exchanged unimproved real estate, which cost him \$10,000, for \$4,000 cash and real estate having a fair market value of \$12,000. The \$6,000 gain is recognized only to the extent of the cash received. Smith must, therefore, report \$4,000 in his return as income from the exchange. His basis for the new property is \$10,000 (the cost of the old property (\$10,000), minus the cash received (\$4,000), plus recognized gain (\$4,000), as explained in § 952). The fact that he might have a 50% long-term capital

gain deduction (§ 967), so that only \$2,000 of the gain is actually taxed, has no effect on the amount of recognized gain.

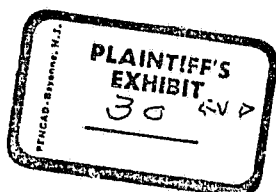
Where "Sec. 1245 property" or "Sec. 1250 property" is exchanged, see § 928.

References are to paragraphs of the 1963 Standard Federal Tax Reports.

" § 4430.153	" § 4606.245	" § 4692, 4697
" § 4601, 4605	" § 4606.1105	" § 4603, 4603
" § 4606.205	" § 4610, 4611	

§ 911

6 MILBANK TRADING CO., OF CONN. INC.
 175 GREENWICH AVENUE
 GREENWICH, CONN. 06830
 Tel: (203) 869-0762



*Longitudinally
 Placed
 9200 - 8000
 #206*

CURRENT PRICING SCHEDULE

Effective - September 1, 1970

Note: Current pricing is at \$2.60 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,300	150	\$19,500
20	2,600	200	26,000
30	3,900	250	32,500
100 - 40 coop	5,200 <	300	39,000
50	6,500	400	52,000
60	7,800	500	65,000
75	9,750	750	97,500
100	13,000 <	1000	130,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for four years, two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.

*2.60
 50
 130.00*

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel (203) 889-0782



Today's Record Record!

The London Financial Times (29th January, 1971) and the Wall Street Journal reported on the sale of Scotch Whisky for 1970. It achieved an all-time record. In exports only, the total sales were £594,000,000.00, an increase of 16% over the previous year. 1970 was a year of distress, economic recession in several countries, vast slumps in stock markets, and financial stagnation in most industries. (What other industry can boast that its sales increased 16% in 1970?)

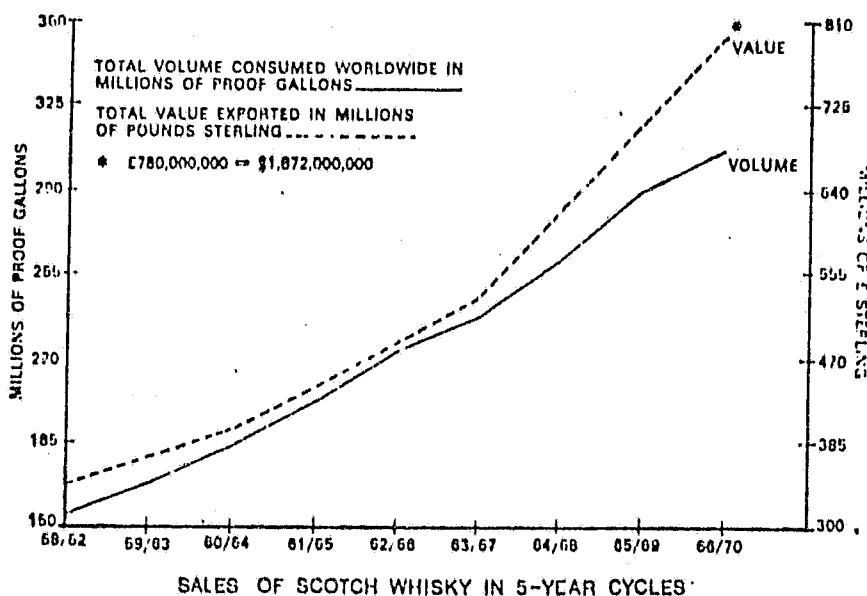
This 16% gain in 1970 comes on top of a 200% increase over 1960, showing a compound average of better than 10% per year. In spite of the recent recession, the 1960's were a decade of general growth, but what other industry can boast that it tripled sales in the past decade?

PRICE/AGE RELATIONSHIP

Per Original Proof Gallon as at 31st March

Year	New	4-Year-old	Ratio 4-Year/New
1971	\$2.20	\$4.65	211%
1970	2.05	4.30	209%
1969	1.90	3.90	205%
1968	1.85	3.60	194%
1967	1.96	3.18	163%
1966	1.96	4.30	220%
1965	1.96	5.28	270%
1964	1.92	5.00	261%
1963	1.89	3.43	181%
1962	1.89	3.25	172%
1961	1.89	3.18	168%
1960	1.89	3.95	209%
Average	\$1.95	\$4.00	205%

This chart shows that the Volume of Sales and the Value of Exports has been on an ever-increasing trend. Furthermore it shows that value, since the 1960 cycle, is increasing faster than volume. This reaffirms the belief that Scotch benefits from inflation whilst it does not suffer during deflation.



RESULTS OF THE PAST 24 YEARS

(\$10,000 Invested each year since 1948 in New Scotch Whisky Parcels (Malt and Grain) Profits made by selling Whisky Parcels 4 years later. Prices as at 31st March each year.)

\$10,000 BOUGHT				SOLD				
Year Sold	Year Bought	No. Gallons	Price Per Gallon	Price Per Gallon	Total Received	Less Accrued Rent	Net Received In Cash	% Net Profit
1971	1967	5102	\$1.96	\$4.65	\$23,724	\$1,020	\$22,704	127%
1970	1966	5102	1.96	4.30	21,938	1,020	20,918	109%
1969	1965	5102	1.96	3.90	19,897	1,020	18,877	88%
1968	1964	5208	1.92	3.60	18,748	1,042	17,706	77%
1967	1963	5290	1.89	3.18	16,848	1,058	15,790	58%
1966	1962	5290	1.89	4.30	22,773	1,058	21,715	117%
1965	1961	5290	1.89	5.28	27,957	1,058	26,899	169%
1964	1960	5290	1.89	5.00	26,476	1,058	25,418	154%
1963	1959	5290	1.89	3.43	18,144	1,058	17,086	71%
1962	1958	5290	1.89	3.25	17,218	1,058	16,160	62%
1961	1957	5390	1.85	3.18	17,167	1,078	16,089	61%
1960	1956	5390	1.85	3.95	21,317	1,078	20,239	102%
1959	1955	5494	1.82	5.32	29,228	1,099	28,129	181%
1958	1954	5390	1.85	7.29	39,320	1,078	38,242	282%
1957	1953	4962	2.01	8.60	42,698	993	41,705	317%
1956	1952	4494	2.22	6.78	30,469	899	29,570	196%
1955	1951	5602	1.78	5.47	30,642	1,120	29,522	195%
1954	1950	5431	1.84	5.32	28,908	1,086	27,822	178%
1953	1949	3636	2.75	5.16	18,779	727	18,052	81%
1952	1948	3508	2.85	6.53	22,924	701	22,224	122%
Average returned on \$10,000 Parcel held 4 years then sold							\$23,739	137%
Average Net Profit per annum							\$3.434	34%

12 Excl. Bareilly
32 Excl. Whisky & dnr.
44

Current Quotations, U.S. Dollar Market

Age	Price per original \$1,000
New	\$1,000
1-year-old	\$1,100 to \$1,200*
2-year-old	\$1,200 to \$1,350*
3-year-old	\$1,350 to \$1,740*
4-year-old	\$1,740 to \$2,250*
5-year-old	\$2,250 to \$2,600*
6-year-old	\$2,600 to \$2,900*

(*according to exact age and composition)

DATA SOURCE: WARDEN WALKER WORLDWIDE INVESTMENT COMPANY, TRAFALGAR SQUARE, ENGLAND.

JULY 1, 1971

LORENZ Exh. 2
(100) 11/12/72

CONFIRMATION

368 & #369

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06330
Tel: (203) 869-0762

EXECUTION DATE
6/21/71

QUANTITY	DESCRIPTION	PRICE	NET AMOUNT
	Scotch Grain Whisky Fillings		
60 Bbls	Inver House Apr. 1971 #124151-124210 3028.0 Gals.	\$2.60	\$ 8028.80 ^
30 Hogheads	Lochside Oct. 1970 #5777-5806 2018.7 "	2.60	5248.62 ^
	Total		\$ 13277.42 ^
	Deposit		1300.00
	Bal. Due		\$ 11977.42 ^

TO: Mr. E. Kendall Lorenz,
2118 Nantuxa Court,
Falls Church, Va. 22043

MILBANK TRADING CO., OF CONN. INC.

By _____



LORENZ EXL. 3
11/16/72

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

No. #363
Date 6/21/71

To: Warehouse Keeper,
Inver House Distillers, Ltd.,
Airdrie, Scotland

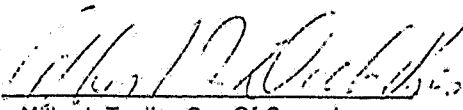
For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to
E. Kendall Lorenz, and/or Jo Ellen T. Lorenz, c/o Milbank Trading Co. of Conn,
Inc.,
175 Greenwich Ave., Greenwich, Conn. 06830 U.S.A.

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	60 Bbls	124151-124210	Apr. 1971

E. Kendall Lorenz
and/or Jo Ellen T. LORENZ
NEW OWNER(S)

By 
Milbank Trading Co., Of Conn. Inc.

INVER HOUSE GRAIN

Lying: Distillery W/H: 8

Date Distilled: 30 APRIL 1971

CORENZ EXH. 4 @ 11/16/71

Order #368
#1

Customs Numbers Liquid Content Proof Strength Original Proof Gallons

124151	43 $\frac{1}{2}$	20.1	51.8
124152	41 $\frac{3}{4}$	20.1	50.0
3	42		50.4
4	43 $\frac{3}{4}$		52.4
5	44 $\frac{1}{4}$		53.0
6	40 $\frac{3}{4}$		48.8
7	41 $\frac{3}{4}$		50.0
8	44		52.8
9	42 $\frac{1}{2}$		51.0
124160	43		51.6
1	45 $\frac{1}{4}$		54.2
2	42 $\frac{1}{2}$		50.6
3	43 $\frac{1}{2}$	20.1	52.2
4	43		51.6
5	42		50.4
6	43 $\frac{1}{2}$		52.2
7	44 $\frac{1}{4}$		53.0
8	43 $\frac{3}{4}$		52.4
9	43 $\frac{1}{2}$		52.2
124170	43 $\frac{1}{2}$		52.2
1	41 $\frac{3}{4}$		50.0
2	39 $\frac{3}{4}$		47.6
3	44		52.8
4	43 $\frac{1}{2}$		52.2
5	45 $\frac{1}{4}$		54.2
124176	46 $\frac{1}{2}$		53.4

CERTIFIED TRUE COPY OF WAREHOUSEKEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE.

INVER HOUSE GRAIN

Lying: Distillery W/H: 8 Date Distilled: 30 APRIL 1971

Order #368 #2

Customs Numbers	Liquid Content	Proof Strength	Original Proof Gallons
124177	60 $\frac{3}{4}$	23.1	63.8
8	42 $\frac{1}{2}$		50.6
9	41 $\frac{1}{2}$		49.8
124180	62 $\frac{3}{4}$		51.2
1	43 $\frac{1}{4}$		52.4
2	44 $\frac{1}{4}$		53.0
3	44 $\frac{1}{2}$		53.4
4	41 $\frac{3}{4}$		50.0
5	43		51.6
6	40 $\frac{3}{4}$		48.8
7	42 $\frac{1}{2}$		51.0
8	42 $\frac{1}{2}$		51.0
9	42 $\frac{3}{4}$		51.2
124190	42		50.4
1	43 $\frac{1}{4}$		51.8
2	42 $\frac{1}{2}$		51.0
3	44 $\frac{1}{4}$		53.0
4	44 $\frac{1}{4}$		53.0
5	43 $\frac{1}{2}$		52.4
6	42 $\frac{1}{2}$		51.0
7	44 $\frac{1}{2}$		53.4
8	39 $\frac{1}{2}$		47.4
9	43 $\frac{1}{4}$		51.8
124200	44 $\frac{1}{4}$		53.0
124201	43 $\frac{1}{4}$		52.4

Customs Numbers	Liquid Content	Proof Strength	Original Proof Gallons
124202	41 $\frac{1}{2}$	20.1	49.8
3	43 $\frac{1}{2}$		52.2
4	42 $\frac{3}{4}$		51.2
5	43 $\frac{1}{2}$		52.2
6	43 $\frac{1}{2}$		52.2
7	43 $\frac{1}{4}$		51.8
8	43 $\frac{1}{2}$		52.2
9	41 $\frac{1}{4}$		49.6
124210	42 $\frac{1}{4}$		50.6

Total Gals. 3088.0

Order #368

Barrel #s 124151 thru 124210

Total Gals. 3088.0 60 Bbls. ~

Title in Name of: E. Kendall

Lorenz and/or Jo Ellen T.

Lorenz

CERTIFIED TRUE COPY OF WAREHOUSEKEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE.

From

TELEPHONE
AIRDRIE 2893/4/5.

Inver House Distillers Ltd.,
MOFFAT DISTILLERS.
AIRDRIE.

LORENZ EXH 10 @ 11/14/71
To E. Kendall Lorenz, No. 71/2138
and/or Jo Ellen T. Lorenz,
c/o Millbank Trading Co.,
175 Greenwich Ave.,
Greenwich,
CONN. 06830 U.S.A.

Date. 13.9.71

TRANSFER WARRANT

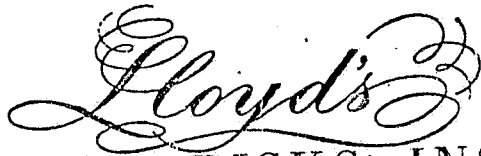
We acknowledge receipt of Delivery Order No. 368 Dated 21.6.71
from Millbank Trading Conn.
in respect of 60 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 21.6.71 19.

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		60	1971	124151-124210	30.1.71	Airdrie	W/H 9

NOTE.—This Document is a Record of Transfer
and does not constitute a Title.

INVENTORY CL

LORENZ 254 11 11/12/71



No. 836/ 13450
(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, C.2.

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED.....	Kendall Lorenz.....	Whisky Lying.....	Inver House Distillery, Moffat Distillery, Glasgow.
.....and on Jo Ellen T. Lorenz.....		Warehouses No. 9.
Premium Paid	\$165.75.....	Declared Value of Whisky and Casks	\$7180
Period of Insurance.....	4 years from 2.9.71.....	Cask Nos.	62 Barrels Inver House Scotch Grain Whisky.
		Barrels Nos. 124151/124210

CONDITIONS

NON-CONTRIBUTION CLAUSE

1. In consideration of the payment of a premium of 2.125 % of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid or duty free Warehouses in the United Kingdom including transit therein.

2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 10 % in the first year, 50 % in the second year and 100 % in the third and fourth year.

3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.

4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

In Witness whereof this certificate has been signed at Glasgow

21th day of September, 1971

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

(a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
(b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from

(i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
(ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

(c) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

(d) The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty Payable.

For and on behalf of Wm. Martin & Co.

LORENZ EXH 12

② 11/16/72

No. D836²²⁶⁹

(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, C.2.

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

NAME OF ASSURED A. Kendall Lorenz
and/or Allen T. Lorenz

Premium Paid \$47.50

Period of Insurance 4 years from 9.9.71

Declared Value of Whisky and Casks \$7500

Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.

SCHEDULE

Whisky Lying Inver House Distillery, Loffat Distillery, Airrie.
Warehouse No. 9.

Cask Nos. 60 Bannock Inver House Scotch Grain Whisky.
Bannock Nos: 124151-124210

CONDITIONS

1. In consideration of the payment of a premium of 1.25% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to Sir William Garthwaite (Insurance) Ltd.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

Exclusions

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow

this 14th day of September, 1971

Wm. Martin & Co.

LORENZ EXH. 5 (u)
11/14/72

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel (203) 869-0762

No. 369
Date 6/21/71

To: Warehouse Keeper,
Macrae Dickson, Ltd.,
Lochside Dist.,
Montrose, Perth, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____
E. Kondratyev and/or Jo Ellen T. Lorenz, c/o Milbank Trading Co. of Conn.,
06830
175 Greenwich Ave., Greenwich, Conn. 06830 U.S.A. Inc.,

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BOTTLE	QUANTITY	NUMBERS	DATE OF BONDING
Lochside	60 Macrae's	5777-5888	Oct. 1970

E. Kondratyev
and/or Jo Ellen T. LORENZ
NEW OWNER(S)

By William P. Dickson
Milbank Trading Co., Of Conn. Inc.

Lorenz Exh. 6

@ 11/11/72

LOCHSIDE Scotch Grain Whisky Distilled October, 1970
MACNAB DISTILLERIES LTD. ARBROATH WAREHOUSE

Wood	Barrel No.	Content	Strength O.P.	Gallons at Proof	Wood	Barrel No.	Content	Strength O.P.	Gallons at Proof
70.			0						
			19.60						
OCMR.	5777	53.2		64.2					
19TH.	5778	55		66.9	#369				
	5779	58.1		69.6					
	5780	59.1		70.8					
	5781	58.2		63.0					
	5782	59		70.5	Lorenz				
	5783	55		65.7					
	5784	57		68.1					
	5785	53.1		63.9					
	5786	55.2		66.0					
	5787	56.2		67.8					
	5788	56.2		67.5					
	5789	58.2		69.6					
	5790	55.2		66.6					
	5791	57.2		68.4					
	5792	57.2		68.0					
	5793	58.2		69.9					
	5794	57.2		68.7					
	5795	58.2		69.4					
	5796	61		72.9					
	5797	53.1		64.2					
	5798	57.2		69.0					
	5799	55.2		66.6					
	5800	58.2		69.5					
	5801	57.2		69.0					
	5802	57.2		68.1					
	5803	53.1		63.9					
	5804	58.2		69.6					
	5805	55.2		66.3					
	5806	52.2		63.0					

Total Gals. 2018.7

Order #369

Barrel #s 5777-5806

Total Gals. 2018.7, 30 Hogheads

Title in Name of: E. Kendall Lorenz and or Jo Ellen T. Lorenz

CERTIFIED TRUE COPY OF WAREHOUSE KEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE.

LOXK2 EXH. 7

11/16/72

LOCHSIDE DISTILLERY

HIGHLAND MALT WHISKY
HIGHLAND ^{AND} GRAIN WHISKY

MACNAB DISTILLERIES LIMITED

TELEPHONE:
MONTROSE 825 (3 Lines)

LOCHSIDE DISTILLERY,
MONTROSE,
ANGUS

1st July, 1971 19

*We have received Stamped Delivery Order, for the undernoted - Cask - Spirits
in Bonded Warehouse, here, and have now transferred same in our Books of this date to the name of
F. RANDALL LORITZ AND/OR JOSEPH T. LORITZ c/o Milbank Trading Co. of Conn. Inc., 175 Greenwich Avenue,
Greenwich, Conn. 06830
subject to the usual terms and conditions, and which terms and conditions are by acceptance hereof
held, as agreed, to by him/her*

NOT RECORDED

*Macnab Distilleries Limited.
Wm. J. Macnab*

BUTTS	Hds.	Brls.	DESCRIPTION	BONDED	CASK Nos.	WHSE. No.	INS. PLAN
	30		Lochside Grain	19th October, 1970	5777/5606	1 APPROXIMATE APPROXIMATE	2/3 AREA USE IF

CONDITIONS UNDER WHICH WHISKIES ARE SOLD AND STORED

1. Whisky is sold at original proof gallon, in Bond.

2. RENT.—Whisky stored in a Bonded Warehouse at the Distillery is subject to the following Rent Charges:—

Duties	4s	per week
Hogsheads	3s	per week
Barrels	3s	per week

Contents of casks are subject to lien for Rent, which is due and payable half-yearly, June and December, or when transferred or removed.

3. INSURANCE.—As from 1st January 1971, the Company does not insure customers stock against fire or burglary. Customers will require to provide their own insurance cover.

4. CUSTODY.—Power is reserved by the Company to order the removal of spirits in bond if, from want of room or other cause, they find it necessary to do so.

5. LIEN.—The Company shall have a right of lien on all goods in bond, including casks, belonging to Customers for all Rent, Debts, Claims and Liabilities, due by such customers whether the same are due or become due when the lien is enforced.

On the insolvency of any person whose goods are under the charge of the Company it may at any time thereafter dispose of any such goods, and retain the proceeds towards or to meet all Rent, Debts, Claims and Liabilities due or to become due by such person to it.

6. TRANSFERS.—Transfers will only be made in the books of the Company subject to the terms and conditions stated hereon, and Rent must be paid before any transfer is effected. The Company will not be bound to Transfer goods in Bond for Customers, nor shall it be bound to deliver same either to the Original Purchaser or to anyone claiming right through him until all claims (whether in respect of these goods or not) competent to it have been paid or settled.

A Transfer fee of 15s for every 25 Casks, or part thereof, will be charged, and is payable by the Transferor.

7. EMPTY CASKS.—In all cases Customers will be required to supply their own casks for filling, fully coopered, and delivered, Carriage Paid to the Distillery. The Company reserves the right to refuse to fill any casks it may consider unfit for bonding, and will execute and charge for any repairs to casks which it may consider necessary, either for filling or when lying in Bond.

8. SPIRITS IN TRANSIT.—The Company cannot entertain any claim for Deficiency arising on Spirits in transit if signed for "in good order" ON DELIVERY, AND CUSTOMERS MUST ADVISE the Railway Company, or other Carrier, of any such claim within three days.

9. A cheque sufficient for duty must accompany an order to clear from Bond. Any excess in cheque beyond duty will immediately be refunded.

10. The Company will not be responsible for the completion of filling orders if working operations are held up by a strike or any other conditions outwith the control of the Company.

LORENZ EXH. P
11/16/70



No. 836/12502
(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED	James L. LORAN, Agent / Whisky Lying
Premium Paid	£12.70
Period of Insurance	4 years from 1st 12.70
Declared Value of Whisky and Casks	£518
Cask Nos.	30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

CONDITIONS

1. In consideration of the payment of a premium of £12.70 of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid of duty free Warehouses in the United Kingdom including transit therein.
2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 1% in the first year, 1% in the second year and 1% in the third year and fourth year.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.
4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.
5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

In Witness whereof this certificate has been signed at Glasgow
this 24th day of August 1971

NON-CONTRIBUTION CLAUSE

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
- (b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
- (i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
- (c) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- (d) The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty, (iii) Possible

For and on behalf of Wm. Martin & Co.

LORENZ EXH 9

11/16/72



No. D836/L125

(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, C.2.

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED B. Kendall Lorenz and/
or Jockey, M. Lorenz
 Premium Paid 72.25
 Period of Insurance 2 years from 16.12.70
 Declared Value of Whisky and Casks 12700

Whisky Lying Whisky in Warehouse 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000
 Cask Nos. 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.

CONDITIONS

1. In consideration of the payment of a premium of ²⁵% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

Exclusions

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation, or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow

this 24 day of August 1971

From

TELEPHONE
AIRDRIE 2893/4/5.

Inver House Distillers Ltd.,
MOFFAT DISTILLERIES,
AIRDRIE.

LORENE EXH 15 @ 11/16/72
To No. 72/1683

R. NICHOLLS LORENE,
c/o MILLER & CO.,

Date: 22.1.72

TRANSFER WARRANT

We acknowledge receipt of Delivery Order No. 339 Dated 22.1.72
from Millar, Co. G.
in respect of 102 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 22.1.72 19.....

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		102	1971	191,40-191,841	22.1.72	AIRDRIE	22.1.72

NOTE.—This Document is a Record of Transfer
only and does not constitute a Title.

Elleen Hindman
INVENTORY CLERK

LORENZ EXH 14

2/11/72

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel. (203) 869-0762

CONFIRMATION

EXECUTION DATE

ORDER

January 29, 1972

939

QUANTITY	DESCRIPTION	PRICE	NET AMOUNT
402 barrels	Scotch Grain Whisky Fillings Inver House Dec., 1971; 191740-191841 5018.8 gls.	2.60	\$13,048.88
	Amount PAID		<u>1,300.00</u>
	Amount DUE		\$11,748.88

Received 2/2/72
[Signature]

E. Kendall Lorenz
2118 Natahoa Court
Falls Church, Virginia 22043

MILBANK TRADING CO., OF CONN. INC.

By [Signature]



LORENZ EXH 13

2/14/72

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

PURCHASE ORDER RECEIPT

Falls Church Virginia 22043 January 27, 1972
City State Zip Date

RECEIVED OF E Kendell Lorenz \$

STREET ADDRESS 2118 Matahon Court

IN PAYMENT OF ONE HUNDRED (100) barrels of fifty (50) Proof gallons each,
(more or less) at \$2.60 per gallon of DISTILLED CHOICE LIQUOR NEW GRAIN SCOTCH WHISKY
FILLINGS.

Distilled in 1971. Price includes Cooperage, Insurance, and Warehousing
for four years.

TO BE REGISTERED IN THE NAME OF E Kendell Lorenz

CONFIRMATION, TITLE, AND SPECIFICATIONS WITHIN TEN (10) DAYS. ALL OTHER DOCUMENTATION
TO BE COMPLETED WITHIN NINETY (90) DAYS FROM DATE HEREOF.

MILBANK TRADING CO., OF CONN. INC.

Charly Joffe

Refund of total price plus 1% (one)
per month held to be given if documentation
to be forwarded is not satisfactory.

Total \$ 13,000.00
Deposit 1300.00
Bal \$11700.00

LORENZ 16
11/16/72

MILBANK TRADING CO. OF CONN., INC.
175 GREENWICH AVENUE
GREENWICH, CONN 06830
Tel. (203) 869-0762

No. 939
Date January 29, 1972

To: Warehouse Keeper
Inver House Distillers, Ltd.
Airdrie, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____
E. Kendall Lorenz, c/o Milbank Trading Co. of Conn., Inc.
175 Greenwich Avenue, Greenwich, Connecticut 06830 u.s.a.

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
<i>Inver House</i>	<i>102 barrels</i>	<i>191740 - 191841</i>	<i>December, 1971</i>

E. Kendall Lorenz

NEW OWNER(S)

By *Alfred J. Wood*
Milbank Trading Co., Of Conn. Inc.

Lorenz Exh 17 @ 11/14/72



No. D836/W.M. 4097
(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & CO., 86 ST. VINCENT STREET, GLASGOW, G2 5VE

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED	E. Kennell Lorenz.	Whisky Lying	Inver House Distillers Ltd. Air Rig.
			Warehouse No. 14.
Premium Paid	£165.75	Cask Nos.	102 Barrels Carnarvon Scotch Grain Whisky.
Period of Insurance	4 years from 28.4.72		Barrels Nos: 191740/191841.
Declared Value of Whisky and Casks	£13260		
Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.			

CONDITIONS

1. In consideration of the payment of a premium of 1.25% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.

Exclusions

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow
this 3rd day of May, 1972.

LORENZ EXH 18 @ 11/16/72



No. 836/ D.W.M. 18982
(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

NAME OF ASSURED E. Wendell Lorenz
Premium Paid \$281.72
Period of Insurance 4 years from 28.4.72

SCHEDULE
Whisky Lying Inver House Distillers Ltd., Airdrie.
Warehouse No. 14.
Declared Value of Whisky and Casks \$13,260
Cask Nos. 102 Barrels, Garnheath Scotch Grain Whisky.
Barrels Nos. 191740/191841.

CONDITIONS

NON-CONTRIBUTION CLAUSE

1. In consideration of the payment of a premium of 2.125 % of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against All Risks of Physical Loss or Damage on Whisky and/or Casks and/or Vats and/or other utensils property of the Assured, whilst in all or any of the bonded stores, duty paid or duty free Warehouses in the United Kingdom including transit therein.
2. In the event of a claim the basis of valuation shall be the original declared value, as stated in the schedule of this Certificate, plus 10 % in the first year, 50 % in the second year and 100 % in the third and fourth year.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to underwriters via his insurance broker.
4. The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for Indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable Indemnity for its costs and expenses.
5. This Insurance is subject to the condition of average, that is to say, if the property covered by this Insurance shall at the time of any loss be of greater value than the sum insured hereby, the Assured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured by this insurance bears to the total value of the said property.

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or
- (b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
- (i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
2. Loss or damage directly or indirectly occasioned by, happening through or, in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
3. The Assured to bear all losses due to (i) Natural Ullage, (ii) Duty Payable.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow 2
this 3rd day of May, 197

LORENZ EXH. 25

Oct 11/14/72

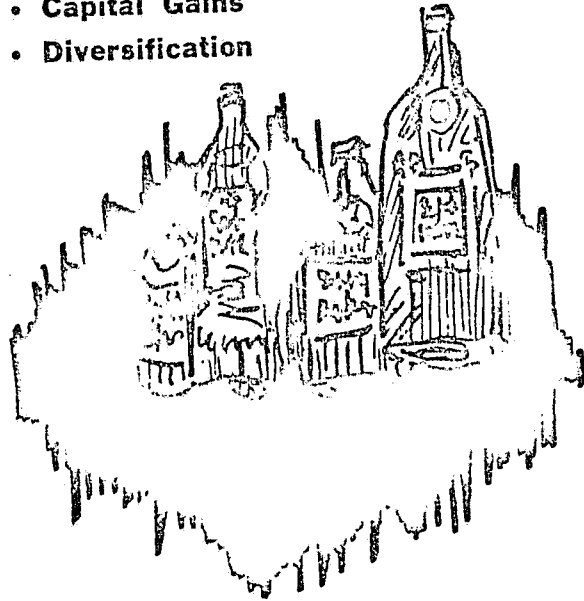


SCOTCH
WHISKY

an intriguing, new way to invest

**an intriguing,
new way to invest for**

- **A Unique Product**
- **A Demand Commodity**
- **Tax Advantages**
- **Capital Gains**
- **Diversification**



Introduction to a new way of investing

Chivas Regal . . . Johnnie Walker . . .
Dewars . . . Haig & Haig . . . Cutty Sark
. . . J & B . . . Teachers . . . and many
others . . . everyone a respected name in
the art of the blending of SCOTCH Whisky.
Each is the magnificent result of years of
tender care . . . of gentle aging in huge
casks till just the peak of perfection at ma-
turity, then blended with other aged SCOTCH
Whiskys and made ready for the savouring
and enjoyment of the discriminating.

In that process is the simple basis for the
value of investment in SCOTCH Whisky!
For, as that SCOTCH was maturing in age
— it was also growing steadily in value!

Behind this lies some interesting and little known facts

British law requires SCOTCH Whisky to be
at least four years old before blending,

----- and for U. S. consumption. For
years this aging operation was financed for
the SCOTCH Whisky Industry in Great
Britain by the distillers, the producers of
SCOTCH in its raw state, selling their
"green" whisky (or "new fillings") to finan-
ciers, who would resell to the Blenders,
when it had matured to its desired age. The
Blenders, who accomplished just what their
name implies, blended various similarly
aged SCOTCH to their own formulation, and
made it ready for marketing to the consumer.

The mechanics of investing in scotch whisky

SCOTCH Whisky investment is different than
purchasing securities, or corporate shares.
When an individual purchases such shares,
he is actually taking an interest in that
corporation. The success or failure of his
interest then depends largely on the degree
of competence exercised by the corporate
management.

When an individual buys SCOTCH Whisky, he actually purchases a specific quantity of SCOTCH in casks, which are gauged with scrupulous accuracy under Her Majesty's Customs and Excise Supervision. These numbered casks are registered in the name of the owner, in the Distillery Records, then stored in Government Bonded Warehouses until the owner decides to sell his Whisky.

Investment in scotch whisky can follow three plans.

- Plan 1. It can be bought as one would buy a commodity future, held for appreciation then sold for capital gain when market conditions are favorable.
- Plan 2. Raw Whisky (fillings) can be bought each year for four years. At the end of the four year period, the first parcel is ready for blending. This now mature SCOTCH Whisky can

be exchanged for new parcels of raw fillings in direct ratio to the then market prices of each. This, in a favorable market, may result in a substantial increase in that year's holdings without increasing the capital investment. Furthermore, a "Like Kind" exchange of property has been ruled to be tax-free so that taxes can be deferred until the SCOTCH is sold. This is particularly worthwhile for the investor preparing for retirement, or one who is arranging long-term distribution of his holdings.

SCOTCH Whisky exports in 1968 increased an incredible 37% in volume and 44% in value over the previous year to total 59,155,000 proof gallons and \$423,722,400 in foreign earnings.

The U. S. Market took over half the total whisky exported, and shipments here were up 40% in volume and over 45% in value, which amounted to 33,254,000 gallons, valued at \$224,225,000. (Source — Financial Times, London — Jan. 29, 1969.) No longer a status drink for the rich alone,

SCOTCH has become the mass "In Drink" for all income and age groups, and is one of the fastest growing in the U. S. Liquor market.

That's where MILBANK TRADING CO. OF CONN., INC. enters the picture

... As specialists, trading only in SCOTCH Whisky, Milbank Trading has developed a simplified technique for cutting through the entangling snares of endless red-tape, eliminating confusing and complicated procedures. As a MILBANK client, you will be able to take full advantage of the opportunities afforded by investing in SCOTCH Whisky.

It is our aim and interest to do whatever we can to obtain for our clients the best possible profit with the least amount of risk. Therefore, we recommend the purchase of GRAIN whisky rather than the volatile malt. MILBANK sells Grain SCOTCH by the barrel. Each barrel contains approximately 50 gallons — gauged and charted exactly under Her Majesty's Customs and Excise Supervision. The price per gallon is at the published MILBANK "Current Pricing Schedule" in effect at the time of the transaction (the latest published Schedule is enclosed for your information).

The "per gallon" price represents a total investment for the maturing period . . . it includes all our administrative and sales costs, communications, handling and cooperation. Warehousing for four years, as well as two Lloyds of London insurance certificates, one insuring the buyer against fraud, error or omission on the part of the Warehousekeeper, and the other against any physical damage while the Whisky is in the government bonded warehouse. The first is for twice the amount of the declared value (buyer's investment), and the latter at the declared value plus 10% the first year, plus 50% the second year and plus 100% the third and fourth years .

... a new way to invest

Illustration of an Investment which doubled in 4 years based on an acquisition made in 1960

Cost of new grain fillings (1960—1,200 gals. at \$1.75)	\$2,100.00
Storage charges (at 4 to 7¢ a cask per week for 4 years (5.5¢ average x 208)	11.44
Insurance (General—2¢ per gal. per year (02 x 1200 x 4)	96.00
(Title—1.25% of the value of the whisky times 1.3 years for 4- year term charge (1.25 x \$2,100 x 1.3)	34.91
Cask cost (10 butts at \$24.00)	240.00
Total Cost of Purchase	\$2,482.35
Sale price of mature grain (1964—1,200 gals. at \$5.10)	\$6,120.00
Cask costs refund	240.00
Gross Sale Price	\$6,360.00
Net profits before tax	\$3,877.65
Less U. S. capital gains tax	969.41
4-year Profit on \$2,482 Investment	2,908.24
Total Value of Investment in Scotch in Four Years (less cask costs re- funded)	\$5,150.59

Source — Doctors' Financial Planning — September
26, 1968

When you benefit — we benefit
When we benefit — you benefit
from this highly unique, intriguing new way
to invest.

**SCOTCH
WHISKY**

For any additional information, references
or clarification consult —

MILBANK TRADING CO. OF CONN., INC.
or

For Priority Attention — CALL NOW!

203-869-0762

**MILBANK TRADING CO.
OF CONN., INC.**

175 GREENWICH AVENUE
GREENWICH, CONN. 06830

Scotch Whisky investments for possible Long Term Capital Gains



February 14, 1973

Mr. Charles Loffmar, Sr.
Milbank Trading Co.
of Conn., Inc.
175 Greenwich Avenue
Greenwich, Connecticut 06830

Dear Mr. Loffman:

I enclose a copy of my purchase order receipt of January 27, 1972, that resulted in a purchase of scotch grain whisky, an amount of \$12,048.88.

You have not forwarded satisfactory documentation and therefore, the 1% per month is now accumulating and totals 12%.

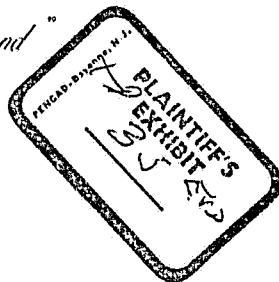
Yours very truly,

E. Kennell Lorenz

EKL/sc
Enclosure (1)

Milbank Trading Co. Of Conn. Inc.

"Scotch Whisky in Bond"



March 7, 1973

Mr. E. Kendall Lorenz
Lorenz & Lorenz
1025 Connecticut Avenue N.W.
Washington, D. C. 20036

Dear Mr. Lorenz:

We are in receipt of your letter of February 14th which we delayed answering until today so that we might review your purported claim for accumulated interest.

In strict accordance with our representative's suggestions we furnished you with all the supportive documentation that you had requested from him. Further on May 11th, 1972 we sent you by certified mail the Transfer Warrant together with two Lloyds of London Insurance policies which completed the documentation relative to your Scotch Whisky purchase.

Accordingly, we categorically reject your claim as totally unfounded. Further, we find it difficult to accept that you have allowed more than a year to pass without one single reminder or indication that our documentation had not met your criteria for satisfaction before receiving your letter of February 14th last.

Sincerely,

MILBANK TRADING CO. OF CONN. INC.

Albert J. Deeb

Albert J. Deeb
President

rs

Scotch Whisky investments for possible long term capital gain
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

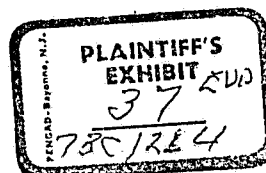
Milbank Trading Co. of Conn. Inc.
"SCOTCH WHISKY IN BOND"

CARL DUBINSKY

175 GREENWICH AVENUE
GREENWICH, CONN. 06830

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762



PURCHASE ORDER RECEIPT

NEW HYDE PARK, N.Y. 11040 JANUARY 25, 1972
City State Zip Date

RECEIVED OF ROBERT J. VALLI \$ 390.00 DEP.

STREET ADDRESS 212 WILTON STREET

IN PAYMENT OF THIRTY ^{TWENTY} ~~THIRTY~~ ²⁰ ~~30~~ barrels of fifty (50) Proof gallons each,
(more or less) at \$2.60 per gallon of DISTILLED CHOICE LIQUOR NEW GRAIN SCOTCH WHISKY
FILLINGS.

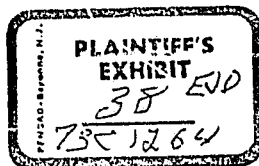
Distilled in 1971 . Price includes Cooperage, Insurance, and Warehousing
for four years.

TO BE REGISTERED IN THE NAME OF ROBERT J. VALLI AND.
GENE TEDONE

CONFIRMATION, TITLE, AND SPECIFICATIONS WITHIN TEN (10) DAYS. ALL OTHER DOCUMENTATION
TO BE COMPLETED WITHIN NINETY (90) DAYS FROM DATE HEREOF.

MILBANK TRADING CO., OF CONN. INC. BALANCE ON DELIVERY
of CONFIRMATION, TITLE, AND SPECIFICATIONS.

Carl Dubinsky



Lloyd's

No. D836/ W.M. 2880

(PLEASE QUOTE)

CERTIFICATE OF INSURANCE—WHISKY

WILLIAM MARTIN & CO., 86 ST. VINCENT STREET, GLASGOW, G2 5VE

This is to Certify that in accordance with the authorization granted under Contract No. 94 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, appear in the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

NAME OF ASSURED Robert J. Valli and Gene Tedone.

Premium Paid £32.50

Period of Insurance 4 years from 28.1.72

Declared Value of Whisky and Casks £2600

Cover is in respect of whisky as declared above whilst in the care, custody or control of the Warehousekeeper.

SCHEDULE

Whisky Lying Inver House Distillers Ltd., Airdrie.
Warehouse No. 14.

Cask Nos. 20 Barrels Garnheath Scotch Grain Whisky.
Barrels Nos. 191685/191704.

CONDITIONS

1. In consideration of the payment of a premium of 1.25% of the value declared, this Policy shall, subject to the terms and conditions hereinafter contained, indemnify the Insured against any loss, to be calculated at twice the declared value, which the Insured may sustain as a result of fraud, misappropriation, error or omission on the part of the Warehousekeepers, for which the Warehousekeepers are held legally liable.
2. All costs, charges and expenses properly incurred by the Assured shall be recoverable in addition to the sum recoverable under paragraph 1 above.
3. In the event of an occurrence likely to give rise to a claim under this Policy, the Insured shall give notice immediately to William Martin & Co.

NON-CONTRIBUTION CLAUSE

This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

The Insurers shall be entitled, if they so desire, to take over and conduct at their own expense in the name of the Insured the defence or settlement of any claim or to prosecute at their own expense in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in settlement of any claim and the Insured shall give all such information and assistance as may be required on being given a suitable indemnity for its costs and expenses.

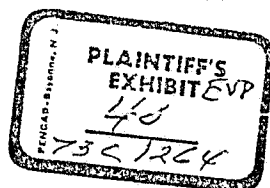
Exclusions

- (a) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (b) Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow

this 17th day of March, 1972.



Lloyd's

No. 836/ D.W.M. 17627

(PLEASE QUOTE)

WHISKY ALL RISKS INSURANCE

(AS DEFINED BELOW)

WILLIAM MARTIN & Co., 86 ST. VINCENT STREET, GLASGOW, G2 5UE

This is to Certify that in accordance with the authorization granted under Contract No. 95 to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

SCHEDULE

NAME OF ASSURED Robert J. Valli and Gene Tedone.
Whisky Lying Inver House Distillers Ltd., Airdrie.
Warehouse No. 14.
Premium Paid \$55.25
Declared Value of Whisky and Casks \$2600
Period of Insurance 4 years from 28.1.72
Cask Nos. 20 Barrels Garnhaith Scotch Grain Whisky.
Barrels Nos. 191685/191704.

CONDITIONS

NON-CONTRIBUTION CLAUSE

This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing Policy held by the Insured covering the risks hereby assumed by the Underwriters except in respect of any excess beyond the amount which would have been payable under such other Policy or Policies had this Insurance not been effected.

Exclusions

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss or
- (b) Any legal liability of whatever nature directly or indirectly caused by or contributed to by or arising from
- (i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
- (ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
2. Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
3. The Assured to bear all losses due to (i) Natural Ullage, (ii) Excise Duty Payable.

For and on behalf of Wm. Martin & Co.

In Witness whereof this certificate has been signed at Glasgow
this 17th day of March, 1972.





From

TELEPHONE :
AIRDRIE 2893/4/5.

Inver House Distillers Ltd.,
MOFFAT DISTILLERIES.
AIRDRIE.

To.

No. 72/680

Robert J. Valli and Gene Tedone,

Milbank Trading Co. of Conn., Inc.
175 Greenwich Avenue,
Greenwich, Connecticut 06830 U.S.A.
Date: 7.3.72

TRANSFER WARRANT

We acknowledge receipt of Delivery Order No. 935 Dated 28.1.72
from Milbank, Conn.
in respect of 20 casks of Garnheath, as undernoted, which
have this day been transferred to your name in our books on our Terms and Conditions (See note on
Reverse) with all charges payable by your goodselves from 28.1.72 19.

Butts	Hhds	Brls	Year	Numbers	Bond Date	Lying	
		20	1971	191685-191704	27.12.71	Airdrie	W/H 14

NOTE.—This Document is a Record of Transfer
only and does not constitute a Title.

Eileen Hyndman
INVENTORY CLERK

ROBERT J. VALLI
BARBARA S. VALLI

515

2/1 1972 1-12 89
210 89

PAY TO THE ORDER OF MILBANK TRADING CO. OF CONN. INC. \$ 2166.84

TWENTY ONE HUNDRED SIXTY SIX + 84/100 — DOLLARS

CHEMICAL BANK
154 FIFTH AVENUE, NEW YORK, N. Y. 10010

MEMO Robert J. Valli

⑆0210⑆0012⑆089⑆203909⑆

⑆0000216684⑆

GENE V. TEDONE
ANNA TEDONE

359

194 YALE STREET
ROSLYN HEIGHTS, N. Y. 11572

PAID JANUARY 25 1972 50-453
214

PAY TO THE ORDER OF MILBANK TRADING CO. OF CONN. INC. \$ 390.00

THREE HUNDRED NINETY — DOLLARS

National Bank
of North America
ALBANY OFFICE, ALBANY, N. Y. 12207

MEMO Gene V. Tedone

⑆0214⑆0453⑆734⑆1409 4187⑆

⑆0000039000⑆



PAY TO THE ORDER OF
PETER HUI (BORN) & BROTHER
CORPORATION, 600 W. 44th St
NEW YORK, N.Y. 10018, Inc.
AC#11058503

PAY ANY BANK, P.O. BOX 112
NEW YORK, N.Y. 10018
1-12

660
FEB 7

JAN 3 1972
7 1-120 7
PAY ANY BANK
FRD NEW YORK
7 1-120 7

PAY TO THE ORDER OF
PETER HUI (BORN) & BROTHER
CORPORATION, 600 W. 44th St
NEW YORK, N.Y. 10018, Inc.
AC#11058503
1-120 6
PAY ANY BANK
FRD NEW YORK
1-120

JAN 3 1972
1-120 6
PAY ANY BANK
FRD NEW YORK
1-120

MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

EXECUTION DATE

January 28, 1972

CONFIRMATION

Order 935

QUANTITY	DESCRIPTION	PRICE	NET AMOUNT
20 barrels	Scotch Grain Whisky Fillings Inver House Dec., 1971; 191685-191704 983.4 gls.	2.60	\$2556.84
	Amount PAID		<u>390.00</u>
	Amount Due		\$2166.84

TO:

Robert J. Valli
212 Wilton Street
New Hyde Park, N. Y. 11040

MILBANK TRADING CO., OF CONN. INC.

By

Albert J. DeLoe



MILBANK TRADING CO., OF CONN. INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel: (203) 869-0762

No. 935

Date January 28, 1972

To: Warehouse Keeper

: Inver House Distillers, Ltd.

Airdrie, Scotland

For VALUE RECEIVED, we hereby SELL and TRANSFER TITLE to _____

Robert J. Valli and Gene Tedone, c/o Milbank Trading Co. of Conn., Inc.

175 Greenwich Avenue, Greenwich, Connecticut 06830 U.S.A.

The undernoted SCOTCH WHISKY FILLINGS which we own and are in storage in your warehouse.

We warrant that the signature of said NEW OWNER appears below.

BRAND	QUANTITY	NUMBERS	DATE OF BONDING
Inver House	20 barrels	191635 - 191704	DECEMBER, 1971

x Robert J. Valli
x Gene Tedone
NEW OWNER(S)

By Robert J. Valli
Milbank Trading Co., Of Conn, Inc.

INVER HOUSE Scotch Grain Whisky Fillings Distilled December, 1971

Excise No.	Content	Strength O.P.	Gallons at Proof
191685	40.5		48.6
6	43.0		51.6
7	41.5		49.8
8	40.7		48.8
9	43.0		51.6
191690	40.5		48.6
191691	39.2	120.0	47.0
2	42.5		51.0
3	39.0		46.0
4	42.5		51.0
5	41.0		49.2
6	42.0		50.4
7	38.7		46.4
8	38.7		46.4
9	43.5		52.2
191700	40.0		48.0
1	40.5		48.6
2	40.7		48.8
3	38.7		46.4
4	43.5		52.2

Order 935

Barrels 191685 thru 191704

Total Gallons 983.4 -- 20 Barrels

Title in name of: Robert J. Valli and Gene Tedone

CERTIFIED TRUE COPY OF WAREHOUSE KEEPER'S RECORDS WHICH
CORRESPOND WITH RECORDS AT THE BRITISH CUSTOMS SERVICE.



Glen-Arden Commodities, Inc.

Scotch Whisky is Bond

CURRENT PRICING SCHEDULE

SCOTCH MALT WHISKY

Effective - April 9, 1973

<u>BONDING DATE</u>	<u>DISTILLERY</u>	<u>AGE</u>	<u>PRICE</u>
March, 1968	Macduff - Highland	5 years	\$5.60
April, 1969	Macduff - Highland	4 years	5.25
Dec., 1970	* Glenfarclas - Glenlivet	2½ years	5.60
March, 1971	Tomatin - Highland	2 years	4.25
Sept., 1971	Tomatin - Highland	1½ years	4.25
Oct., 1972	Tomatin - Highland	6 mo.	3.85

MINIMUM ORDER 5 CASKS

Special Notes:

Price is cost of Whisky only.

All prices subject to change without notice.

Quantities subject to availability at time of purchase.

Casks = Hogsheads approx. 60 O.P.G. @ \$13.00 - Refundable deposit

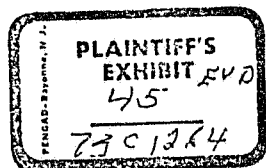
*Barrels approx. 50 O.P.G. @ \$6.50 - Refundable deposit

Warehouse storage (invoiced direct) 8 cents per gallon per year

Insurance - "All Risk" (invoiced direct) 2.125% for 4 years

"Title" (invoiced direct) 1.25% for 4 years

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763



Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"

CURRENT PRICING SCHEDULE

Effective - April 1, 1973

Note: Current pricing is at \$2.80 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,400	150	\$21,000
20	2,800	200	28,000
30	4,200	250	35,000
40	5,600	300	42,000
50	7,000	400	56,000
60	8,400	500	70,000
75	10,500	750	105,000
100	14,000	1000	140,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for four years, two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.



Scotch Whisky for possible long term capital gains

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763



Personal Business

May 29, 1973

Mr. David Loeb
Sales Manager
GLEN-ARDEN COMMODITIES, INC.
175 Greenwich Avenue
Greenwich, Connecticut 06830

Dear Mr. Loeb:

With regard to my conversation with your salesman, Carl Dubinsky, the following are the details concerning my relationship with your company known in 1972 as Milbank Trading Company of Connecticut, Inc.

In early 1972, Gene Tedone of 194 Yale Street, Roslyn Heights, New York, and the undersigned, bought from Milbank Trading Company of Connecticut 983.4 gallons of Scotch Whisky at a total cost of \$2,556.84 (\$2.60 per gallon). We were not told at the time whether this was "grain" or "malt", nor were we aware of the difference.

The literature of Milbank Trading Company showed, and in turn we were told that for the year ending 1971 the price of new scotch fillings was \$2.20 per gallon with the additional \$.40 we were paying to cover insurance, commission, storage, etc. The authenticity of this price could not be ascertained since the local newspapers do not carry this information.

I have recently come across information and checked it thoroughly both here in the U.S. and the London financial market, that the price at the time of our purchase was in fact \$1.15 per gallon of grain scotch, zero age. Moreover, at the time the price for 4 year old scotch was \$1.10 per gallon. In addition, in 1972 the price for 8 year old scotch of the same quality was selling for only \$1.35 per gallon.

In light of the above, Mr. Tedone and I feel that there was gross misrepresentation on the part of Milbank Trading Company in presenting this investment for our consideration. The figures were totally inaccurate, misleading, and nebulous and had we known then the true facts, we would never had entered into such an agreement.

At this point, after consulting with our attorney, we are requesting a full remittance of our original investment plus interest at 6% which represents our cost of money to enter this investment. I have estimated that this interest amounts to approximately \$210, should payment be made on May 31, 1973.

I look forward to your reply.

Very truly yours,

Robert J. Valli

ba

cc: Carl Dubinsky
Gene Tedone
N. Scelsa, Esq.

Glen-Arden Commodities, Inc.

"Scotch Whisky is Bond"

June 4, 1973

RECEIVED

JUN 6 1973

TREASURER'S DEPT.

Mr. Robert J. Valli
McGraw-Hill, Inc.
1221 Avenue of the Americas
New York, New York 10020



Dear Mr. Valli:

Granted, right now there are many investors who are apprehensive about the Scotch Whisky market - confused by its weakness, concerned about its direction, fearful for its future. This is natural enough if you've been hit where it hurts - right in the portfolio.

But even among those most deeply concerned we find no serious suggestion that the concept of carefully planned investing for income and growth is no longer valid. The realistic investor knows that in every field of human endeavor, including the Scotch Whisky market, there can be setbacks as well as advances.

There is an element of risk involved in any commodity purchase made for investment. Whatever goes up can also go down and also that no situation exists where you are guaranteed a positive profit and what we hope to achieve is healthy appreciation - but not perfection.

The purchaser of Scotch Whisky who has lost a portion of his anticipated profits in this recent period still has, when looked at in overall perspective, every reason to look for a very healthy improvement in the near future.

Purchasers of Scotch Whisky for investment face some problems today - but this is even more true in the case of stock market or commodity investments. Let us remember this - in historical context, today is only one more interlude in a constant and continuing pattern of growth and improvement.

In this present situation there are Scotch Whisky opportunities we strongly recommend to our clients every day. Selective, investment grade Scotch Malt and Grain Whiskies offer excellent opportunity for income and growth today - a concept as valid as it was a year ago - or ten years.

Sincerely,

David G. Loeb

David G. Loeb

rs

Scotch Whisky for possible long term capital gains

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763



OCT 12 1971

I am interested in obtaining further information and details relative to Scotch Whisky purchases.

DR. NAME D. F. LADY (14)

ADDRESS 4000 16TH ST. N.W.

CITY WASH. DC STATE 20311

TELEPHONE RA6-4001

OCT 2 1971

I am interested in obtaining further information and details relative to Scotch Whisky purchases.

NAME DOMINIC C. MEANEY

ADDRESS 927 15th St. N.W.

CITY WASH STATE DC

TELEPHONE 638-3363

OCT 5 1971

I am interested in obtaining further information and details relative to Scotch Whisky purchases.

NAME Clinton W. CHAPMAN

ADDRESS 608 Woodward Bldg

CITY WASH STATE DC 20005

TELEPHONE (202) 628 8585

OCT 5 1971

I am interested in obtaining further information and details relative to Scotch Whisky purchases.

NAME Malcolm D. Hoden ATT

ADDRESS 506 Fifth Street N.W.

CITY Washington STATE D.C.

TELEPHONE me 6907 ME-80907

OCT 12 1971

I am interested in obtaining further information and details relative to Scotch Whisky purchases.

NAME Dr. John L. Walker

ADDRESS 3639 New Hamp. Ave. N.W.

CITY Washington STATE D.C.

TELEPHONE 827-7940

OK 4:30
Thursday
20 Oct

call at 2:30 Thursday

call 1-800
new lines

733 15th NW
1st H

after 11:30 Thursday

Thursday 3 PM

Aug reference also

Feb 19 1911

203-869-0762

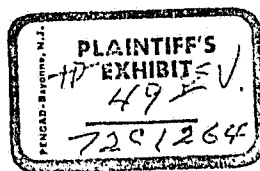
MILBANK TRADING CO.
OF CONN., INC.

175 GREENWICH AVENUE
GREENWICH, CONN. 06830



SCOTCH WHISKY

an intriguing, new way to invest



Scotch Whisky investments for
possible Long Term Capital Gains

1. What is Scotch Whisky Investment?

Simply stated, investing in Scotch Whisky is buying a parcel of Scotch Whisky which is raw (newly-distilled); owning while it remains and matures in a Government Bonded warehouse for up to 48 months, then selling it for capital gains. Mature parcels have always been worth more than raw parcels at any given moment for the past 150 years. Therefore, Scotch Whisky Investment has proved itself to be quite attractive. The report on the following pages attempts to disclose a full presentation of facts which the cautious investor requires in order to profit by placing part of his capital into Scotch Whisky Investment.

2. Introduction

Investing in Scotch whisky as a commodity has given many individuals high capital gains for the past one hundred and fifty years. A letter in the files of the Warden Walker Worldwide Investment Company, from an elderly American investor in the State of Connecticut, says, in part:

"As my father did before me, I have been investing in Whisky for the past 50 years. My family and I have been buying new Whisky almost every year for the past 100 years and selling it as it becomes mature. We have often made unbelievable profits and in bad years we never made less than 10 percent."

A leading American business magazine, reviewing this type of investment, reported: "The only sure way to earn 10 percent on your money is to buy Scotch by the case." This crack, which used to turn up in the routines of nightclub comedians, today comes pretty close to describing a real investment opportunity -- one that is also available to non-drinkers."

"Investing in Scotch means investing in the liquor in casks in warehouses in Great Britain. Typically, the investor holds it over a period of years while the Scotch ages and thereby becomes more valuable. The industry in Great Britain had always financed this operation by selling the green whisky to individuals with capital and then buying it back at a higher price when it is saleable in the U.S." (Fortune Magazine)

3. Scotch Whisky as a Commodity for Investment

Investing in commodities for profit and for the preservation of capital against inflation and devaluation is, of course, a well-established practice throughout the world. There is active trading in a great variety of goods from metals to

frozen pork bellies. Trading in spirits is one of the oldest economic activities in America. Indeed, as the Wall Street Journal remarked, there are four companies in the liquor business today which started dealing in spirits while the United States was still in Thirteen colonies.

For many generations, trading in spirits was conducted by a relatively few professions in Scotland. However, in the past 20 years, the number of private individuals all over the world investing in Scotch Whisky has been increasing sharply every year. Now it may be said that there are owners of Scotch Whisky Investment in every State of America and every country in the Free World. Mostly by word of mouth, individuals from Alaska to Zambia have come to expect capital gains by investing in Scotch whisky, holding it as it ages, then selling.

4. Distinction Between Securities and Whisky Investment

In investing in securities, generally one buys a share of a corporation and relies on the ability of the management. In investing in Scotch Whisky, one actually buys a specific quantity of Scotch (generally freshly distilled, always dated as to the exact date of distillation) in specific casks which are specifically marked for the owner and stored under Government supervision until such time as he chooses to sell his Whisky Parcel.

5. The Economic Nature of Scotch Whisky Investment

Under British Law, Scotch Whisky must be aged in Government Bonded Warehouses for at least three years before it is allowed to be offered for consumption as Scotch. Under American Law, no Scotch Whisky is allowed to enter the States unless it has been aged in British Bond for at least four years.

Scotch is distilled by 130 distilleries, each of whose product differs from all others in varying degrees. Virtually all bottled Scotch is a blend of "single" Whiskies from as many as 40 distilleries which are blended together to produce the finished products. There are a great number of blenders and relatively few distillers. Some of the biggest blenders and brand names do not own a distillery and every distillery which owns a blend has to buy "singles" from other sources in order to meet its blending needs. Thus, an enormous amount of trading takes place within the industry.

It should also be pointed out here that the Scotch Whisky Industry is unique in that it is probably the only industry which sells everything it produces. All Scotch is distilled only "by programme" (that is to say, after it has been ordered). Thus, there is never any unsold Scotch on the market and no distiller ever has to "dump" his product the way Henry Ford

had to "dump" the Edsel, for example. Furthermore, there is an old Scottish expression which says, "Although some may be better than others, there are no bad Scotch Whiskies". This proverb means that all Scotch Whisky is useable; even if one batch may not be desirable by itself, that same batch will be valuable for blending into a beverage which will be desirable and sold at a profit.

Because Scotch must be aged, a tremendous amount of capital becomes tied up in inventory. This inventory must be financed. This inventory is financed generally by a combination of the Blender's own capital, bank loans, Stock Exchange financing, deals with institutions such as Pension Funds, and sales to private investors. By selling inventory to private investors, the blenders enjoy a three-fold advantage; they realize cash with which to carry out their routine business operation, they make a profit on the sale, and they are able to avoid high interest charges.

As it ages and matures in wooden casks in Government Bonded Warehouses, Scotch Whisky increases in value. Obviously, the closer it is to the day when it reaches the blending market and the wholesale and retail market, the greater is its inherent value.

This increase in value relative to age is the secret of the profits in Scotch Whisky: a four-year-old Scotch Parcel averages to be worth more than twice as much as a new Parcel at any given moment. Prices and price relationships change, as in every other market, but the one unchangeable fact of life is that, at any time, no matter what happens, a fully mature Parcel is worth more than a younger one.

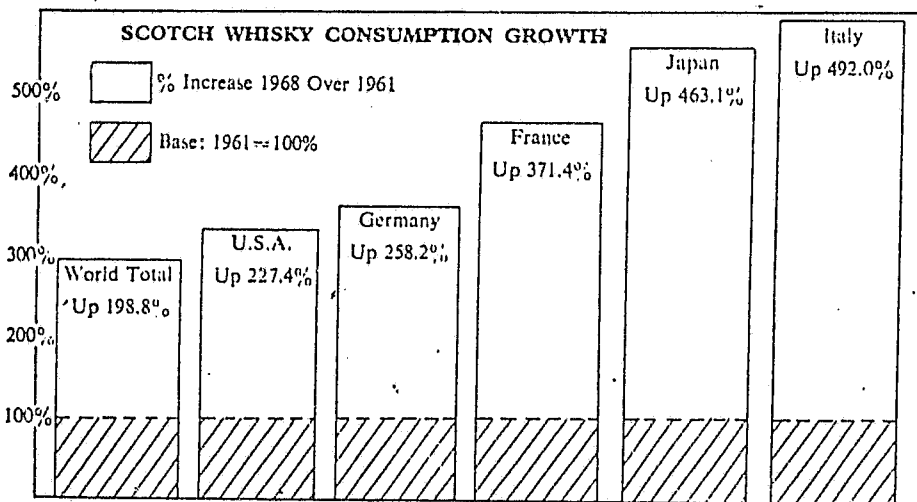
6. Worldwide Trends in Scotch Whisky Consumption

Worldwide consumption of Scotch Whisky has increased every year without exception since production was resumed after the end of World War II. The rate of growth in sales of Scotch has astounded even the optimists.

Scotch is sold virtually throughout the entire world. America, the largest market for Scotch Whisky has been growing spectacularly both in volume of sales and as a percentage of total spirits consumed. Just twenty years ago, it was consumed only in a few of the major U. S. cities but now Scotch is a household word through all the States and it is growing faster than Bourbon or Rye or the American Blends. This trend will continue, as the largest Bank in the world, the Bank of America remarked in a special report on the Distilled Spirits Industry: "Total consumption in the next few years can be expected to continue on an upward trend as the 20 million children born during the war and early postwar period reach their majority. Per capita consumption will probably continue upward also, in line with a 7 year trend. This factor, coupled with the

growing population is certain to expand total consumption." (See Distilled Spirits Review and Outlook published by Bank of America.)

All of the major markets have been increasing as a glance at the chart will reveal. But the most spectacularly encouraging trend is in the non-English speaking world. This represents a broadening of the worldwide market for the product and gives it a healthy basis for further diversification and expansion.



There are many factors which indicate that worldwide consumption of Scotch Whisky will continue to increase: Rising world population, increasing disposable income, greater leisure, energetic salesmanship of the industry, the favorable attitude of the British Government towards dollar-earning exports and other factors are extremely encouraging to those who have invested in this billion-dollar industry.

"The latest (worldwide sales) figures illustrate more forcibly than ever that a taste for Scotch Whisky follows prosperity and that demand for Scotch throughout the world is nowhere near saturation."

The international treaty covering Import Duties (the so-called "Kennedy Round" of GATT, General Agreement on Tariffs and Trade) relative to U.S.A., Great Britain and the Common Market countries, has set in motion a gradual reduction of import duties on Scotch Whisky. By 1972 American Import Tariffs on Scotch will be reduced by 50% and in the Common Market, the reduction will also be substantial. These tax reductions will

certainly help to increase the sale of Scotch in these two big markets.

The latest figures available indicate that Americans consume about 1½ gallons of Whisky per person per year and that Western Europe consumes about .4 (four-tenths) of a gallon. Consumption in Western Europe in the post-war years has been increasing sharply; if Western Europe catches up to the level of American consumption per person then the demand of those countries would actually cause an acute shortage. The Industry is becoming more aware of this tremendous potential and is increasingly promoting this market with advertising, Official Trade Missions, personal visits, etc. While we cannot accurately predict the ultimate growth of this market, we are extremely optimistic. Even General de Gaulle, who was never noted for his affection towards things British, remarked at a German meeting, "Scotch Whisky appears to be capturing the world". (Reported in "Der Spiegel", August 14, 1967, page 20.)

7. Production-Consumption Relationship

While the "bulls" are saying that worldwide consumption will double by 1973, the "bears" are saying that there is too much production. As a matter of fact, bearish opinions have been expressed in the trade for many years. Therefore, it may be appropriate here to mention certain basic incontrovertible facts regarding consumption and production:

- 1) Scotch production is at an all-time high and so is consumption. However, today's production cannot be offered for consumption until it has aged for several years. (Blenders do not reveal the age and composition of their blends; but the general opinion in the industry is that the average age of all Scotches sold is about five years.) Therefore, today's consumption should be compared with the production of five years ago. Five years ago production seemed alarmingly high to the "bears" and yet history proved that they were wrong as the industry went on to break all previous sales records.
- 2) While production is at an all-time high, it should be remembered that Scotch is distilled to meet the orders and requirements of cash customers, the blenders. The blenders pay hard cash to have distillers distill for them. If the J. & B.'s and the Cutty Sark's did not expect to break new sales records within the coming few years, they certainly would not be paying hard cash today to build greater inventories of raw whisky to age...A journey through Scotland or a reading of the trade journals reveals that all the major blenders

are spending hard cash to expand their blending and bottling capacities. Money talks: and what Scotch money (the hardest of all hard money) is saying is that the future will be better than the past...Indeed, the Scotch Whisky Association, which embraces more than 90% of Scotland's distilling and blending capacity, sent a letter to all Members of Parliament stating that the industry has set itself a target of doubling world sales of Scotch by 1974. It is entirely possible that the coming cycle of demand for Scotch may well, again, find an acute shortage of aged Scotch and will therefore place owners of the commodity in a most favourable position.

8. Ready Marketability and Availability of Price Quotations

There is a market for Scotch Whisky of all ages, from 1-day old to 32-years old. The keenest market is for Scotch which meets the legal minimum age requirement for the largest market (America), that is to say the 4-year-old market. Therefore, from a profit point of view, one should invest in new Scotch with the objective of holding it for 48 months in order to derive maximum capital gains.

Therefore, there is no established Whisky Exchange such as a Stock Exchange. The market more nearly resembles the American Over-the-Counter Market. Concentrated in London and Glasgow, this market operates throughout the world by telephone, cable and air-mail.

9. The Two Types of Scotch Single Whisky

Although there are 130 distilleries, there are only two different methods of distilling Scotch: the "pot still" which produces Malt Whisky and the "patent still" which produces Grain Whisky. The "pot still" method has been in use, unchanged for many hundreds of years, while the "patent still" method is less than 150 years old. While both use basically the same raw material, the structure of the still and the treatment of the barley, etc., produce two highly different types of Whisky. By itself, neither of these two is commercially acceptable to the world market, "Malt" being too "heavy" and "Grain" being too "light" for most consumers' tastes. Over 100 years ago, it was learned that blending mature Malt with mature Grain produced a blend which was highly acceptable to worldwide consumer taste. There are more than one thousand blends owned by blending companies and they all keep their formulas secret. But it is known by everyone that all blends contain both Malt and Grain.

Malt is more expensive to distill than Grain and consequently trades at higher prices than Grain. From an investment point of view, the markets in Malt and Grain run more or less parallel in the long run although there, of course, are relatively short periods when one or the other shows a higher rate of return. Both Malt and Grain have their partisans but, over a

long period of time, both have fared equally well in terms of profits.

10. Documents of Ownership

When you buy a Whisky Parcel, it is already in a Bonded Warehouse under Government Seal and is the property of the seller. Upon receiving your payment, the seller issues a "Delivery Order" to the Warehouse instructing the Warehouse, which is the only Government-licensed Registrar & Transfer Agent, to transfer ownership from him to you.

The "Delivery Order" is made out in your name and you endorse it and it is sent to the Warehouse Officer. The Warehouse then has a copy of your signature and will honour only your signature when comes the time you choose to sell your investment.

Together with the "Delivery Order" you also receive "Specifications", a listing of the contents and of the unique markings on each Cask which identify your property having been recorded by the Bonded Warehousekeeper and according to the Books of the Government Customs & Excise Control. After the Warehouse receives your "Delivery Order" endorsed by you, it issues a "Warrant" which certifies that it is holding your property for you under Government Seal.

11. Transferability and Negotiability

Scotch Whisky is easy to buy and easy to sell. The document of title (i.e. Delivery Order) is in non-negotiable form for the protection of the purchaser. Whenever you sell, assign, transfer your ownership you, in effect, cancel your original document and issue a new document to reflect the new owner. This is done easily and there is no fee on any transfer.

12. Taxes

A non-British person is exempt from both income taxes and capital gains taxes in Britain on profits in trading in Scotch Whisky unless he has a home or does business in Britain. This has been established by Law.

An American is exempt from income taxes and only pays the lower rate capital gains tax in America on profits made in selling Scotch Whisky held over six months.

An American who increases his volume of holdings by exchanging aged Whisky for a greater amount of immature Whisky is not liable to certain tax-free exchanges of Real Estate. Taxes may, therefore, be deferred indefinitely. This can be of particular importance to individuals arranging their affairs for retirement or estate distributions.

13. Currency and Foreign Exchange Regulation

All prices are quoted in Dollars equivalent to British Pound Sterling at the official Rate of Exchange at the time.

In connection with the 1967 devaluation of the Pound, it might well be pointed out that all modern countries, even America, have had occasion to devalue their currencies in response to changed conditions. However, investors have always been able to protect their capital by owning commodities which have basic intrinsic value such as gold, whisky, tin, soya beans, etc. History has proven that whenever a currency becomes worth less than previously, the market prices of commodities rise correspondingly to cancel out the effect of devaluation.

14.. Insurance

The Government requires that all Scotch Whisky in Bonded Warehouses be protected by insurance and the Warehouses automatically insure the whisky at the cost price against the common risks, such as loss by fire, flood, etc.

However, since investors keep their Whisky in Bond for years and since the value increases as it gets older, investors insure their property with Lloyds of London which issues Insurance Policies that cover All Risks and insures the expected increase in value. Lloyds of London issues a Policy called "Whisky All Risks Insurance" which is the most comprehensive Policy available. Under this protection, if a loss were to occur in the first year of investment, Lloyds of London would pay cost plus 10%; in the second year -- cost plus 50%; in the third and fourth years -- cost plus 100%, and a second policy to protect the investor against fraud, error or omission at 200% of the declared value. The charge for this insurance for four years is included in the original price schedule.

Lloyds issues the Certificates for a minimum of four years because virtually all Investors intend to hold for at least four years. At the end of four years the Insurance is automatically renewable for a small fee each year for as long as the owner keeps his Parcel...Although we are not in the insurance business, we do arrange for this protection to be issued by Lloyds. We do this as a free service to our clientele.

15. Evaporation

The process of ageing and maturing Scotch requires that the Whisky be stored in oak casks which permit the distillate to "exhale" certain impurities inherent in distillation. As the exhalation takes place, Whisky evaporates at a declining rate (4% in the first year, 3% in the second, 2% in the third, and lesser rates thereafter). However, this evaporation is of no

concern to the investor since the unit of trade is the O.P.G. (Original Proof Gallon). The investor who buys Original Proof Gallons will later sell Original Proof Gallons even though Original Proof Gallons represents approximately 10% less in volume after four years. Prices quoted are in O.P.G.'s to buy and O.P.G.'s to sell.

16. Warehousing

By British law, Scotch Whisky must be aged in Scotland for at least three years before it may be offered for consumption in Britain; under American law, it must be aged in Scotland for at least four years before sale in U.S.A. Therefore, when the new Whisky is filled into casks, the casks are certified and recorded by the Bonded Warehousekeeper and recorded by the Bonded Warehousekeeper and filed in the Record Book of H.M. Customs & Excise Control. These records, commonly called "Specifications" (or Spessies in the trade), certify the number of each cask, its contents by volume, its alcoholic strength by proof, and the total number of Original Proof Gallons in each cask. The Specifications also certify the date and place where said Whisky was distilled and the name, and location of the Warehouse wherein stored.

The Scotch Warehouses are privately owned and Bonded by the Government Customs & Excise Control. In addition to being responsible for the Whisky and assuming liabilities for such safekeeping, the Warehouse performs other functions under the terms of its license. For Example, the Warehousekeeper is the only licensed Transfer Agent and issues the Warehouse Warrant which confirms that legal ownership has been transferred whenever Whisky in Bond is sold, pretty much as an American Bank will act as Transfer Agent when shares of corporate securities are sold.

17. Wood (Casks or Cooperate)

The fillings (as immature Whisky is known in the trade) are stored in wooden casks wherein they mature. The casks are re-used repeatedly and the Whisky-owner does not actually own the wood but rather places a deposit on each cask and receives the deposit back when he sells the Whisky subsequently. The wood, naturally, is worth more than the deposit.

The investor does not specify the type of wood but this is immaterial since the deposit is returned in full upon sale.

18. Original Proof Gallon: Definition

The unit of trade is the O.P.G. (Original Proof Gallon). One O.P.G. means that quantity of Scotch which, on the day it was distilled, equals one British Imperial Gallon (six-fifths of an American Gallon) of Whisky at British Proof strength (which equals 114 Proof on the American Scale). Scotch is always distilled Over Proof and, after maturing, is reduced to the proof strength desired in each market. One thousand Proof Gallons makes 600 cases of 86 proof Scotch.

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830
Tel. (203) 669-0762



The Scotch Whiskey Industry has traditionally lived in fear of over-production and consequently the tendency has been to under-estimate future requirements. It has just been announced that two of the largest distillers, International Distillers and Vintners and Distillers Company Limited, are each building new distilleries with a view to doubling capacities. This is obviously a sign that earlier estimates for future requirements have been too low.

We ourselves think that this expansion will once again be inadequate to meet the demands that will grow in the future -- to quote a comparison we have used before, a modern automobile highway takes more than two years to plan and more than two years to build. As soon as it is open to the public, it is inadequate to meet the requirements of the unanticipated increase in traffic -- Scotch Whiskey cannot be used until it has matured for some years, so that the output from these new distilleries will not be incorporated into blends for distribution until at least 1976.

Until that time, the Industry has to make do with its present capacity, in the face of ever-increasing demand; this relative scarcity will greatly enhance the profits of investors who had the foresight to acquire Scotch Whiskey Parcels.

Current Quotations, U.S. Dollar Market

<u>Age</u>	<u>Price per original \$1,000</u>
New	\$1,000
1-year old	\$1,110 to \$1,200*
2-year old	\$1,200 to \$1,350*
3-year old	\$1,350 to \$1,740*
4-year old	\$1,740 to \$2,200*
5-year old	\$2,200 to \$2,500*

*(according to exact age and composition)

Special Note: As we go to press today (19th January) the London Financial Times and the Wall Street Journal publish the latest figures for Scotch Whiskey sales. The last reported month of 1970 shows a 40% increase in volume over the same month of 1969. This represents an accelerating trend as the year to date had been running at a 20% increase over the previous year.

THE DATA SOURCE FOR THIS REPORT IS THE WARDEN WALKER WORLD-WIDE INVESTMENT COMPANY OF LONDON.

January 1971

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A SURVEY OF SCOTCH IN "SEVENTY"

As we enter the second year of the "Seventies", it is a fitting time to consider the progress which our Industry made last year, and to compare this progress with our year-old predictions for the decade.

INDUSTRY'S PROGRESS IN 1970

As we predicted, throughout the year the sales of Scotch increased dramatically. They are now running 22% above the previous period in the export field, which is the determining factor for the Industry. The Industry is now confident that this trend will continue for as long as we can see. In fact, it is most probable that Scotland's "liquid gold" will more than double its worldwide consumption by the end of the "Seventies".

The leaders of the Industry, such as Johnnie Walker and J & B Rare, are already confirming our predictions by their recent announcements that they are investing great amounts of capital in order to double their production facilities, contemplating a further boom.

THE AMERICAN MARKET

As we predicted, sales to America - the largest market for Scotch - have increased at a greater rate than ever before. 1970 saw a 15% increase in exports to the United States and the signs are that this progress will continue.

Economic Associates Limited, a respected body of economists, in a recently-published report, further predicted that by the end of 1979 the U.S.A. would account for 54% of the total Scotch Whiskey exports.

SIGNS OF SCOTCH SHORTAGE

We have for a long time been confident that by 1972 there will be an acute shortage of mature Scotch (Mr. Ian King, a Director of International Distillers and Vinters, who is responsible for the production of J & B Rare, recently confirmed our point when he stated that there could be a shortage of Scotch when the 1968 makes become ready for blending). This, of course, will benefit Investors in this commodity.



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MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06830

Mr. Robt. P. Hooper
700 Pine Ridge Rd.
Media, Pa. 19063

Sept 10, 1971



RESULTS OF THE PAST 24 YEARS

(\$10,000 Invested each year since 1948 in New Scotch Whisky Parcels (Malt and Grain) Profits made by selling Whisky Parcels 4 years later. Prices as at 31st March each year.)

\$10,000 BOUGHT				SOLD				
Year Sold	Year Bought	No. Gallons	Price Per Gallon	Price Per Gallon	Total Received	Less Accrued Rent	Net Received In Cash	% Net Profit
1971	1967	5102	\$1.96	\$4.65	\$23,724	\$1,020	\$22,704	127%
1970	1966	5102	1.96	4.30	21,938	1,020	20,918	109%
1969	1965	5102	1.96	3.90	19,897	1,020	18,877	88%
1968	1964	5208	1.92	3.60	18,748	1,012	17,736	77%
1967	1963	5290	1.89	3.18	16,848	1,058	15,790	58%
1966	1962	5290	1.89	4.30	22,773	1,058	21,715	117%
1965	1961	5290	1.89	5.28	27,957	1,058	26,899	169%
1964	1960	5290	1.89	5.00	26,476	1,058	25,418	154%
1963	1959	5290	1.89	3.43	18,144	1,058	17,086	71%
1962	1958	5290	1.89	3.25	17,218	1,058	16,160	62%
1961	1957	5390	1.85	3.18	17,167	1,078	16,089	61%
1960	1956	5390	1.85	3.95	21,317	1,078	20,239	102%
1959	1955	5494	1.82	5.42	29,228	1,099	28,129	181%
1958	1954	5490	1.85	7.29	39,320	1,078	38,242	282%
1957	1953	4962	2.01	8.60	42,698	993	41,705	317%
1956	1952	4491	2.22	6.78	30,469	899	29,570	196%
1955	1951	5602	1.78	5.47	30,642	1,120	29,522	195%
1954	1950	5111	1.84	5.32	28,908	1,080	27,828	176%
1953	1949	3636	2.75	5.16	19,779	727	19,052	81%
1952	1948	3508	2.85	6.53	22,924	701	22,223	122%
Average returned on \$10,000 Parcel held 4 years then sold							\$23,729	137%
Average Net Profit per annum							\$3,424	34%

Current Quotations, U.S. Dollar Market

Age	Price per original \$1,000
New	\$1,000
1-year-old	\$1,100 to \$1,200*
2-year-old	\$1,200 to \$1,350*
3-year-old	\$1,350 to \$1,700*
4-year-old	\$1,740 to \$2,250*
5-year-old	\$2,250 to \$2,600*
6-year-old	\$2,600 to \$2,900*

(*according to exact age and composition).

DATA SOURCE: WARDEN WALKER WORLDWIDE INVESTMENT COMPANY, TRAFALGAR SQUARE, ENGLAND.

JULY 1, 1971

No. 10044

H 364

INVER HOUSE DISTILLERS, LTD.

A. E. LANG (U.S.A.) · L. J. GUNSON (U.S.A.) · J. T. MCCAIDE (U.S.A.)

TELEPHONE: AIRDRIE 2893, 2894

MOFFAT DISTILLERIES
AIRDRIE · SCOTLAND

TELEGRAMS: INVER HOUSE, AIRDRIE

Robert P. Hooper,
700, Pine Ridge Road,
Media pa,
19063, U.S.A.

Date 17th July, 1973

RENT ON CASKS WAREHOUSED AT AIRDRIE

MAKE	NUMBERS		No. of Casks	FROM			TO			Weeks	Rate	AMOUNT		
Garnheath	135100- 135119	1970	20 Brls.	10	5	71	31	12	72	1720 days 602	2p	34.	40	
				1	1	73	31	3	73	257 days 90	2½p	6.	43	
				1	4	73	30	6	73	260 days 91	2½p	6.	50	
				PLUS 10% VALUE ADDED TAX FROM APRIL										65

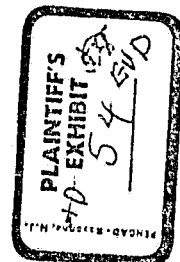
PLAINTIFF'S
EXHIBIT
10
53

Form No. 1

Form No. 1



MILBANK PROGRAM



- MINIMUM PURCHASE OF TEN BARRELS
 - @ \$2.60 PER GALLON = \$1,300
 - "NO ADDITIONAL CHARGES"
- YOU RECEIVE:
 - ORIGINAL SALES ORDER
 - RECEIPT FOR NUMBER OF BARRELS, AMOUNT AND REGISTRATION NUMBERS OF EACH BARREL WITHIN TEN DAYS
 - COPY OF WAREHOUSE-KEEPER'S RECORDS WITHIN TEN DAYS
 - INSURANCE CERTIFICATES WITHIN 90 DAYS
 - MILBANK INSURES YOUR PURCHASE DURING THE 90 DAYS
 - TRANSFER CERTIFICATE ISSUED BY DISTILLERY, CONFIRMING REGISTRATION AND TRANSFER
 - PERIODIC INFORMATION ON SCOTCH MARKET
- YOU WILL BE CONTACTED WHEN SCOTCH REACHES MATURITY
- MILBANK WILL ASSIST IN THE SALE OR EXCHANGE
 - NO FEE
 - NO COMMISSION

MILBANK TRADING CO., OF CONN. INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06930
Tel. (203) 663-0762

- BY THE BARREL, AT "CURRENT PRICING SCHEDULE"
- PRICE REPRESENTS TOTAL INVESTMENT FOR MATURING PERIOD, AND INCLUDES:
 - ADMINISTRATION AND SALES COSTS, COMMUNICATIONS HANDLING AND COOPERAGE
 - WAREHOUSING FOR FOUR YEARS
 - INSURANCE (2 POLICIES FROM LLOYDS OF LONDON)
 - AGAINST FRAUD, ERROR OR OMISSION, AT 200% OF INVESTMENT ON PART OF WAREHOUSE-KEEPER
 - AGAINST PHYSICAL DAMAGE WHILE IN GOVERNMENT BONDED WAREHOUSE, AS FOLLOWS:
 - 110% - FIRST YEAR
 - 150% - SECOND YEAR
 - 200% - THIRD YEAR
 - 200% - FOURTH YEAR
- NO FEE OR COMMISSION ON FINAL SALE OF HOLDINGS

SEP 19 1973

Glen-Arden Commodities, Inc.
"Scotch Whisky is Bond"

September 17, 1973

James F. Proud, Esq.
Gibbons, Buckley and Smith
14 West Second Street
Media, Pennsylvania 19063

Dear Mr. Proud:

I am in receipt of your letter of September 14, 1973 re. Hooper etc.

First, please no threats of blackmail bringing in the S.E.C. - that's childish, for no proof of fraud is evident.

Secondly, I will outline to you in laymen's fashion why you have been misled by your client Hooper in taking his case.

Mr. Hooper made the sales to Bumstead and Brown as our Agent and received a commission for the sale from us. Also, as a Sales Rep he voluntarily purchased his whisky so that he could tell his customers that he too owned whisky.

Mr. Collins wrote his own order and signed it as a Sales Rep and received a commission. Both Mr. Hooper and Mr. Collins attended one of our seminars and training periods at our meeting at Downingtown Inn, all expense paid by us, and knew right well that they were buying a commodity that fluctuates with supply and demand. The whisky they sold and purchased is not mature enough for resale.

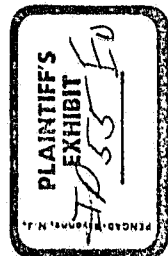
I am enclosing copies of purchase orders signed by your clients as Sales Reps. If any further information is necessary to convince you that you have not been told the facts, please let me know.

Sincerely,

GLEN-ARDEN COMMODITIES, INC.

Albert J. Deeb
Albert J. Deeb

enclosures



Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich Conn 06830 Tel. 203 869-0763



**Scotch Whisky investments for
possible Long Term Capital Gains**

5, LUG 25 EX. 7

Milbank Trading Co. Of Conn., Inc.
"Scott Whisky in Bond"

C 11/16/72

January 18, 1972

TO: All Sales Representatives

FROM: Albert J. Deeb

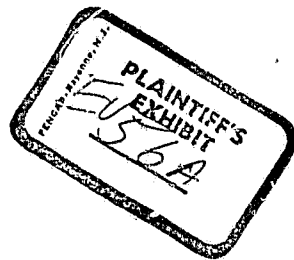
Please make note for future reference that there has been a four cent increase for insurance for four years, an eight cent increase for warehouse receipts for four years and an eight and one half per cent devaluation of the dollar which equals about thirty-seven cents per gallon. With all these changes we are only raising our price, as you will notice on the new price sheets which are enclosed, twenty cents per gallon; effective February 7. Please explain this to your customers.

Also for future reference any inquiries for the Better Business Bureau should be referred to: Council of Better Business Bureaus, Inc., 1150 17th Street, N. W., Washington, D. C. 20036, (202) 466-8350.

If you have any questions, please contact the office.

Albert J. Deeb

AJD/jw
Enclosures



Scott Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762



Action Report —



HOW TO USE TAX-FREE AND TAX-SHELTERED INVESTMENTS TO PYRAMID YOUR CAPITAL

INSTITUTE FOR BUSINESS PLANNING, INC. Two New York Plaza, New York, N.Y. 10004

VOL. III—No. 12
DECEMBER 1971

New Opportunities for Capital Gains in Whisky

Investors should take a fresh look at Scotch whisky as a source of capital gains. It still has capital gains potential and inflation protection. Quite recently, the SEC has extended its protection to whisky investment contracts. Here we view whisky trading in the current economic climate.

Why Whisky Looks Good Now

there are two phenomena which should soon drive whisky prices higher: (1) the eventual absorption of the current surplus left over from an era of overproduction and (2) the bullish effect of the projected entry of Great Britain into the European Common Market.

How New Economic Policy Helps: The wage-price freeze stabilization program of Phase II and import surcharge do not directly affect the price of your warehouse receipts because the trading takes place in Great Britain. What's more, a current investment in Scotch whisky is a hedge against possible further devaluation of the dollar in relation to the British pound.

Advantages Over Stock in Liquor Companies

The investor who sees major distillers' common stock listed on stock exchanges may wonder why the Scotch whisky receipt is a better deal. Here's a rundown of some of the reasons:

☐ Corporate distillers pay income tax at the corporate level, which reduces their payout to stockholders.

☐ You have to pay ordinary tax on dividends received.

☐ There is no guarantee of dividend declaration by the corporation. But whisky is bound to pay off after three years, barring unprecedented slumps.

☐ While common stock drops when the market softens, whisky retains intrinsic value in response to fairly inelastic demand.

☐ Foreign corporate stock is subject to the interest equalization tax, but interests in Scotch whisky are not shares or debt instruments subject to that tax.

☐ The average annual rise in whisky prices has been about 25% over the past 15 years, which is a

ROUNDUP OF NEW IDEAS

This mailing includes the latest additional material for your *How to Use Tax-Free and Tax-Sheltered Investments to Pyramid Your Capital*. Its highlights include:

Tax Shelter in Whisky: The lead article in your *Action Report* takes a fresh look at the tax-favored appeal of whisky as an investment. The enhanced capital gains potential resulting from market trends is explored, as are the mechanics of these transactions.

Using Foreign Trusts to Maximize Your Capital Gains: The second article in this *Action Report* contains a valuable analysis of the benefits of setting up trusts overseas, with particular attention to Bermuda trusts. See how Tax Reform's dilution of the benefits of accumulation trusts has made foreign-based trusts more attractive than ever.

How Financing of Pollution Control Builds Tax Shelter: The new article which appears on page 4 of this month's

Action Report describes a specialized type of tax-free yield which may be the hottest new type of bond since tax-exempt first came into use. Details of how you, as an investor, can benefit from industry's compulsory compliance with antipollution laws are set forth.

Oil and Gas Investments: The material beginning at page 1606 is a completely revised survey of the exceptional tax shelter found in oil and gas investments. Not only has this field survived major tax reform, but it is even escaping current Congressional tax revisions, and thus merits investor attention.

This new material explores the unique tax advantages of drilling cost deductions and the oil depletion allowance. Diverse investment opportunities at all levels are also discussed.

FILING INSTRUCTIONS ARE ON PAGE 4

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Not better than the Dow Jones Industrial Average or other stock market barometers.

The Play in Whisky Receipts

Playing the Scotch whisky game means buying warehouse receipts for green whisky still in the barrel for which you will never take delivery. You trade the receipts, much as you would commodity futures such as pork bellies or plywood. Your broker buys whisky (or fillings) stored in government-supervised warehouses in Great Britain and then you take out fire and theft insurance to protect the spirits while they are maturing.

After the whisky has aged for four years (at least three years are needed for maximum mellowness) your broker sells the whisky to a commercial distiller or other customer so you can cash in on your investment. You must not handle the resale yourself or else you may be treated as a dealer for tax purposes and have to pay ordinary income tax on your profits. (Moreover, private citizens not engaged in the liquor business cannot obtain dealers' licenses.)

Pyramid Potential: Upon resale of the aged whisky after four years, you might very well have the broker reinvest the proceeds for you in new whisky receipts, similar to periodic reinvestment plans for mutual funds.

Investment Contracts

There is now available a new whisky investment contract similar to limited partnership interests in cattle feeding, oil drilling and real estate investment trusts, except that no management contract is tied into the initial purchase. The whisky receipt broker who registers these offerings acts primarily as a conduit for procurement and insurance of the receipts.

Leverage Possibilities: The usual whisky contract is sold in multiples of \$2,400 units. Margin accounts are not offered, so if you do not want to tie cash up you may borrow your payment from a conventional lending source at an interest rate way below your anticipated return. Any interest you pay on the loan will, of course, be tax deductible.

Pledging the whisky warehouse receipts as security for the loan should lower your interest rate and cost.

Costs: The investor must check out insurance premium costs, brokerage commissions and other costs and charges. Lloyds of London insures whisky at an annual premium cost of less than 1% of the value of the whisky.

Tax Treatment of Carrying Costs: Carrying costs and charges have been ruled not currently deductible when they are incurred for holding whisky as an investment during the aging process (*George L. Schultz*, 50 TC 688; aff'd 420 F. 2d 490; *Rev. Rul.* 70-356, CB 1970-2, 68). These costs are capitalized and they step up your basis for computing eventual gain on resale. Thus, even though you do not derive immediate tax benefit, you will recoup part of the costs when you sell.

gains in the midwest and South, with enormous gains registered in such states as North Carolina, Utah and Georgia.

A recent study for *Newsweek* Magazine underscores the growth of Scotch in formerly unimportant marketing areas. For example, South Carolina, Georgia and Florida in the South, and Arizona and Utah in the west all have had significant gains in sales. Based on sales of "fifths per 100 persons," these states recorded the following percentage gains in the 20-year period, 1950-1970: South Carolina, up 677.4 percent; Georgia, up 794.4 percent; Arizona, up 1,017.5 percent; New Mexico, up 455.7 percent; Virginia, up 540.1 percent; and Utah, up 422.6 percent.

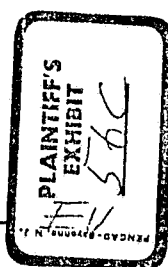
Getting back to the *Time* college study, Scotch (along with vodka) was the distilled spirit that scored highest with today's young adults. It was the leading type drunk by students, showing up as their "favorite" liquor drink. In addition, students were able to name many more brands of Scotch than of any other type. Recent Simmons studies point out that Scotch drinkers are better-educated . . . 46 percent of Scotch drinkers went to college, and of course, as the number of college-educated young adults increases, that many more Scotch drinkers will be around in years to come.

Finally, a survey taken by *Bar-Servicer Handbook*, an annual in the on-premise field, shows that Scotch drinks are very popular in many non-urban areas of the country. Significantly the favorite drink of "young" customers of top-rated bar-restaurants was "Scotch Mixed Drinks," usually Scotch and Soda or Scotch and water.

Liquor Store Magazine past studies show how significant the growth of scotch among the "new markets" is going to be. For example, in its study of the "Women Customer, 1971," Liquor Store found many store owners reporting increased sales of Scotch to women customers. And its study of "The Uncommitted Drinker" earlier this year disclosed that for many young adults Scotch was a favorite party drink.

Because there is a Scotch priced for almost every pocketbook, the Scotch distillers are not pessimistic about the effects of the U.S. dollar devaluation, rising prices and rising taxes on the Scotch sales picture. And interestingly enough, although Scotch is not known for its "recipe" versatility, the fact remains that when it comes to "on-the-rocks" drinking, most people find Scotch the ideal product. Thus, today's new breed of social drinker, no longer primarily interested in "status," has turned Scotch into a "fun" drink and distillers and importers are happily going along with the trend.

Facts about the Scotch Market You Should Know



The Market, For Scotch By Price Classes
(In Percentages)

Class	Price Range	1969	1970
C	Under \$4.14	—	—
B	\$4.15-\$4.65	—	—
A	\$4.66-\$5.60	30.0	30.8
A-Prime	\$5.61-\$6.65	3.2	2.6
AA	\$6.66-\$7.60	61.3	60.2
AA-Prime	Over \$7.60	5.5	6.4
		100.0	100.0

Note: Based on sales of high-volume brands in selected states.

Top Ten Markets For Scotch Whisky
1969 vs. 1970
(In Cases)*

State	1969	1970
New York	3,801,876	4,375,364
California	1,956,822	2,182,820
Illinois	1,381,560	1,523,855
New Jersey	1,248,065	1,302,852
Florida	909,142	1,133,175
Texas	735,108	757,029
Michigan	605,051	631,078
Ohio	530,067	533,782
Massachusetts	463,873	529,845
Pennsylvania	481,850	510,768
Total Top Ten	12,113,414	13,480,568
U.S. Total	17,106,314	18,863,935
Percent U.S. Total	70.8%	71.5%

*Estimated.
SOURCE: The Liquor Handbook.

Scotch: 15 Year Trend
Cases

Year	Sold	% Change
1955	5,136,287	—
1960	7,949,840	+54.8
1965	12,131,854	+52.6
1970	18,863,935	+55.5
1975 (Proj.)	28,200,000	+49.5
1980 (Proj.)	40,300,000	+42.9
1955-1970	—	+267.3

Note: Total Distilled-Spirits Changes:

1955-1960:	+18.7
1960-1965:	+23.2
1965-1970:	+24.8
1970-1975 (Proj.):	+24.8
1975-1980 (Proj.):	+24.8
1955-1970:	+82.5

SCOTCH WHISKY

Bright outlook for eight-year-olds

After a dull spell there are signs that the demand for whisky as an investment is about to increase. Ross Wilson, author of "Scotch: the Formative Years," examines the prospects.



Prices of older malt and grain whiskies have advanced so much on the free market—entirely because of severe shortages—that blenders offering twelve-year-old blends of Scotch in bottle may shortly have to downgrade the age to eight-year-old blends, as supplies, even when available, are such as to price the finished brand out of the market.

Such is the opinion of London Scotch whisky broker John Haffenden, but it must be met with the reservation that blenders with well established distilling backgrounds must undoubtedly have planned supplies sufficiently far ahead not to be badly caught.

Three cases come immediately to mind. Johnnie Walker Black Label has a world export market of twelve-year-old, as the age of the youngest whisky in the blend, and Walker, with its vast technical and production background, is most unlikely to have miscalculated. The same goes for Bell's twelve-year-old, enjoying an unprecedented boom in the US, and for the recently launched St. James's 12, of Berry Bros & Rudd, to take but three examples.

Nevertheless, a twelve-year-old shortage is well reflected in current prices on the free market for Scotch whiskies. For malt whiskies

dated the spring of 1960-62 inclusive Mr. Haffenden comments that "depending on quality you can ask more or less your own prices." The operative phrase is, of course, "depending on quality." For grain whiskies of spring 1960 he quotes 70s (undecimalised), and for spring 1961 44s. For 1962 20s 6d is listed as an offer, but with the note that the offer is not accepted.

The home market has never been particularly age-conscious, but for the important American and the increasingly important Japanese market age is a most significant qualification to assist sales of the blend at consumer level. Certain sections of the European market are also tending to fall for the older stated age.

Further analysis of the current brokers' market for Scotch whiskies leads Mr. Haffenden to the conclusion that this October will see the start of a four-year stringency in supplies of grain whisky. Grain whisky production was, of course, cut back after what many considered over-production in the mid-sixties.

He (and some others) have never subscribed to the interpretation of "over-production," and it is held that since 1967, following the alleged surplus preceding that year, there has, in fact, been an

underproduction of grain whisky in proportion to malt whisky production. This disproportion between malt and grain whiskies is just becoming of real commercial importance.

The upshot is that holders of grain whisky in particular can look forward with confidence to the next four years, even to the extent that individual whiskies bought now are hardly likely to be of less value in a year's time, and so on.

Reason for confidence on the part of whisky holders is found in two causes. Mr. Barber has given the go-ahead to borrow money more easily for the future, and many blenders need to replenish stocks urgently.

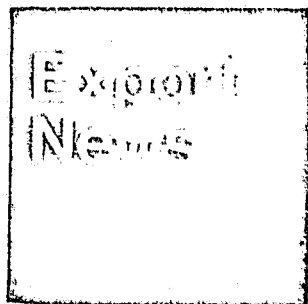
The Treasury has relaxed controls on lending money for important projects such as Scotch whisky, money is easier in Scotland, blenders' stocks are low—they have not lately replaced stocks to the former extent—and world demand is both high and continuing to increase. Older stocks have been fully used, or are being tightly held, and the need now exists for buying younger ages.

In fact, many blenders and distillers have sold older stocks to finance new production, and these stocks must be replaced.

MILBANK TRADING CO. OF CONN., INC.

The Financial Times Tuesday March 7 1972

Good start for Scotch



THE year has opened promisingly for the Scotch whisky industry with exports in January up by 52.8 per cent. in volume and 46 per cent. in value compared with January last year.

In total, this January's exports amounted to 5.5m. proof gallons, valued at £17.7m., against 3.6m. gallons worth £11.8m. the previous January.

Blends shipped in bottles rose by 41 per cent. in volume and 48.8 per cent. in value to 3.6m. gallons valued at £14.4m., compared with the previous January's 2.5m. gallons at £9.8m.

Blends shipped in bulk containers rose 78 per cent. in volume and 56 per cent. in value to 1.5m. gallons priced at £2.4m., against the previous January's 866,000 gallons worth £1.5m.

Malt whiskies shipped in bulk containers rose by 83 per cent. in volume and 110 per cent. in value to 376,000 gallons worth £771,000. Malts sent in bottles soared 112.5 per cent. in volume and 173 per cent. in value to reach 17,000 gallons worth £101,000.

Distillers' exports top £100m.

The following are extracts from the statement made by the Chairman, Mr. Alex McDonald, and circulated with the Report and Accounts for the year ended 31st March, 1971.

GENERAL OBSERVATIONS ON RESULTS

Excluding subsidiary companies in the United Glass subgroup the consolidated profit for the year ended 31st March 1971 amounted to £4.7 million, an increase of £2.1 million compared with the previous year. The increase represents a rise of £3.0 million in trading profit, partly offset by a reduction of £0.1 million in income from investments and a charge for interest greater by £0.3 million.

The profit of our Scotch Whisky, Gin and Vodka interests increased by £4.2 million, mainly due to a higher volume of sales, but also as a result of an adjustment to the export price of our de luxe whiskies. It is particularly gratifying that the sustained growth of our exports of Scotch Whisky and Gin has for the first time carried the total value of Group exports beyond the £100 million mark.

The results of the Yeast and Food Group and of our Carbon Dioxide interests were both lower, showing together a fall of £0.8 million, mainly owing to higher costs.

The consolidated net profit after taxation is £3.0 million, to which requires to be added £0.7 million representing the net profit from our interests in United Glass, making the total net profit attributable to the Company £3.7 million. Your Directors now recommend a final dividend on the share capital of 7.25 pence, which, with the interim of 5.5 pence already paid, will make a total distribution for the year of 12.75 pence compared with 12.25 pence last year.

The Consolidated Balance Sheet shows an increase in stocks of £22.5 million. Although the greater part of this figure is represented by additional maturing whiskies necessary to support the projected future sales of our brands, the effect of inflation to which I referred last year is also reflected to a material extent.

I welcome the growing interest in this subject which has been displayed recently by a number of bodies including the Institute of Chartered Accountants. It seems increasingly evident that standards of accounting procedures in this country must be modified to incorporate such adjustments as may be required to recognise the effect of inflation, not only upon profits but also upon the resources available for investment.

Our own accounting staff have developed a system of applying to the cost of assets appropriate factors derived from the Consumer Price Index. We believe this provides a reasonable measure of the effect of inflation upon the results of the year's trading. In consequence we consider that the value of our assets have been eroded by inflation during the year to the extent of some £8 million. In other words, to maintain in terms of today's prices the same volume of physical assets as existed at 31st March 1970, we would require to appropriate out of the apparent profit (as arrived at by present day accounting methods) the sum of about £8 million.

It may be helpful to re-state the Profit and Loss Account in the way we view the position. This would be as follows:

Conventional profit	£'000
Deduct appropriation required to counter inflation	54,688
"Real" profit	7,851
Estimated taxation	46,837
	21,548
Minority shareholders' interests	25,289
Adjusted conventional profit	114
Net profit of the United Glass subgroup (unadjusted, but not significant in relation to the total)	25,175
Approximate "real" net profit attributable to the Company	721
	25,896

The first point which emerges is that Corporation Tax has not in fact absorbed 40% of the profit for the year but 48% of the "real" profit. The second observation which seems appropriate is that in distributing total

dividends of £23,152,000 we are distributing almost the entire "real" profit remaining after taxation and in fact little is left as an addition to our financial resources.

One consequence of this situation is that the continual increase in requirements for working capital entailed by the growth of the Group's business cannot be met today out of retained profits. Your Directors take the view that the Company should avoid a position in which, were a pressing need for cash to arise, BP stock might have to be sold in market conditions which were temporarily adverse. Accordingly, before this statement is published, I expect that a further issue of Loan Stock will have been made.

SCOTCH WHISKY

Operations at our malt and grain distilleries have run smoothly during the year. The productive capacity for malt whisky is being expanded at Glendullan and Caol Ila distilleries and mechanical maltings are being built at Port Ellen distillery in Islay to supply our three distilleries on that island, and also at Burghhead as an extension to our existing plant there. A new large blending and bottling plant is being built at Leven in the County of Fife to meet the increasing demand for these services.

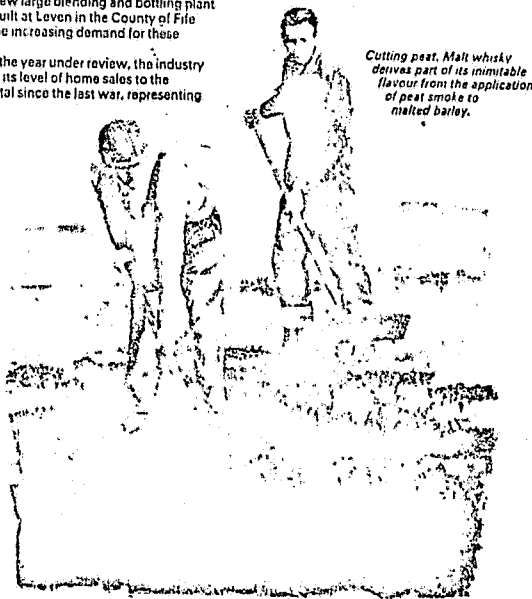
During the year under review, the industry enhanced its level of home sales to the highest total since the last war, representing

61,960,000 proof gallons. Your Company's percentage of this total was well maintained.

In the United States—by far the largest market in the world—fears that the economic situation might affect sales of Scotch Whisky were not realised, and, in fact, tax payments for the year 1970, the most reliable guide to consumption, were, rose by 10.7 per cent. Your Company's brands maintained their proportion of this highly competitive market. Dewar's White Label enjoyed particular success in New York and the eastern states, increasing its sales considerably, while Johnnie Walker's Red and Black Labels continued to sell strongly.

Sales in the Central American and West Indian markets continue to expand. Early in 1971 the situation in Mexico was suddenly improved by the granting of greatly increased import licences.

As regards South America, Venezuela continues to be one of the greatest markets for Scotch Whisky in the world and James Buchanan & Company Ltd, with their Buchanan's "De Luxe" and "Black & White" still hold the lead.



Cutting peat. Malt whisky derives part of its inimitable flavour from the application of peat smoke to malted barley.

an increase of some 10.5 per cent over the previous year. I am glad to report that sales of Group brands increased by a considerably higher percentage, and in this performance Haig strengthened and further consolidated its position as the leading brand in the market. Dewar continued to enjoy an over increasing popularity in Scotland.

In October last the opportunity was taken to increase home trade prices by an amount judged by the Board to be appropriate in relation to the continuing highly competitive situation in the market. Increased sales, partly at higher prices, did in fact achieve the objective of improving profitability. As regards the export position, industry shipments for the year ended 31st March 1971 rose from 56,447,000 proof gallons to

In Australia, New Zealand and Asia, the Company's brands, headed by Johnnie Walker, have again strengthened their position. Japan has for some time been a relatively small market for Scotch Whisky in bottle owing to the limitations imposed by import licensing, but I am glad to report that at the end of 1970 the licensing restrictions were abolished. "Johnnie Walker", "White Horse", "Black & White" and "Old Punt", all brands belonging to your Company, have for a long time been leaders in the market. Every opportunity is now being taken to ensure that these and our other brands expand their business in the market which should grow considerably over the years. Europe today contains the second, third and fourth largest export markets of the world, viz: France, Germany and Italy, Your

	Year to 31st March 1971	Year to 31st March 1970
Consolidated profit before tax	£4,660,000	£2,828,000
Net earnings (including United Glass)	33,747,000	29,615,000
Retained in the business	10,595,000	7,327,000
Dividends	23,152,000	22,288,000
Rate of dividends	12.75%	12.25%

The Distillers Company Limited

Company's major brands have excellent distribution throughout the 4 countries. However, competition, much at very low prices, is intense.

Problem, which might arise should this country under the Common Market continue to be studied, the Council of The Scotch Whisky Association have informed the Government of the difficulties which are foreseen for the industry, but the Department have not so far felt able to offer any assurances.

GIN

I am pleased to be able to report a substantial increase in world sales of Gordon's, Booth's and Tanqueray Gins. The United Kingdom and the United States markets accounted for the major part of the increase.

As with Scotch Whisky, in face of steeply rising costs the prices of our brands of Gin were increased in the home trade last October.

Shipments of our brands of Gin to overseas markets were well ahead of the previous year and the Group increased its proportion of total exports.

Sales of Gordon's Gin in the United States continued their upward trend.

VODKA

In the United States, the market for Gordon's Vodka once again showed a substantial rise. Sales of Cosack Vodka in the United Kingdom continued to make progress.

PIMM'S

Sales in the home market have shown an encouraging upward trend. Shipments to export markets were also higher than in the previous year.

COGNAC HINE

During the year we successfully negotiated the purchase of a minority interest in the company Cognac Hine, whose business consists of the production and sale of its various brands of Cognac. These enjoy an excellent reputation which we shall take every care to maintain.

FOOD GROUP

The overall results for the Food Group were disappointing although opportunities for the fourth quarter of the year were on a more profitable basis and improved results are expected for the current year.

THE DISTILLERS COMPANY (CARBON DIOXIDE) LIMITED

Sales of carbon dioxide again showed a very satisfactory rate of growth. This progress was, however, offset to some extent by abnormal increases in costs arising from the high rate of inflation which occurred in the year.

UNITED GLASS LIMITED

The consolidated profit of United Glass in the calendar year 1970 before taxation amounted to £1,374,000 compared with £751,000 (excluding the loss of the discontinued English Resisting Glass Company Limited) in the previous year.

FUTURE PROSPECTS

Reports on economic conditions in the USA are not entirely encouraging, but, although this was also the situation last year, the demand for Scotch Whisky did expand. We expect that our two major brands in that market will continue to record increased sales. In the rest of the world, demand continues reasonably strong and provided prices are not greatly eroded by the intensity of competition, I am hopeful of a successful outcome to the current year.



SILVERS EXH. 10

@ 11/16/72

doctors'

financial planning



Compliments of:
Trust Department

THE
FIRST
NEW HAVEN
NATIONAL BANK
MEMBER FEDERAL RESERVE SYSTEM • FEDERAL DEPOSIT INSURANCE CORPORATION

May 9, 1968

Money-Saving Guide for Buying Mutual Funds

The ownership of mutual funds, like everything else, can involve problems as well as opportunities. The least expensive way for anyone to learn how to deal with the problems is through the experience of others—to profit by the mistakes of others.

Acquisition Checklist: Here's a checklist of common complaints in connection with the acquisition of mutual fund shares and suggestions for dealing with them:

☐ **Wrong Objective:** Make sure the fund you're buying matches your own needs and objectives. Check the prospectus. Many purchasers complain about being sold a growth-type fund paying very little in the way of dividends when they needed income. Others complain of being sold income funds when what they needed was the tax-shelter of the growth fund.

☐ **Contractual Plans:** So-called contractual plans are often of the front-load variety

(sales charges for the full plan are deducted from the payments made in the early years). The result is a sort of built-in penalty if the plan is terminated before its full life. Don't buy this type of plan when you're unlikely to complete it, like the 62-year-old doctor who signed up for a 15-year plan.

☐ **Buying Below Commission Breakpoint:** Commissions vary with the dollar amount purchased. The salesman should tell you the commission breakpoints without your asking, but he may not. Ask. Besides saving you commissions, it may affect the amount and timing of your purchase.

☐ **Buying Dividends:** The salesman may

HIGHLIGHTS

Mutual Funds

☐ The article which starts on this page offers a money-saving checklist for buying mutual funds.

Capital Gains in Scotch

☐ Investment in Scotch whisky rates high on many counts, including a big capital gains potential. See page 2.

Capital Gains Wealth Multiplier

☐ The article and table on page 4 show you the wealth-building potential in capital gains.

Trust for Your Wife

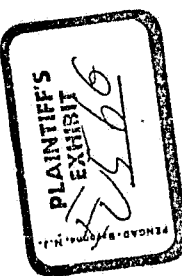
☐ Six types of wives who may need trusts are discussed in the article on page 5.

Investment in Post Offices

☐ The subject is discussed at page 6.

MONEY-SAVING BRIEFS

☐ Five money-savers via the 'marest deduction, inflation insurance, use of losses, tax-sheltered variable annuities and a life insurance trust are briefed on page 8.



Three Ways to Invest: If you have a taste for the investment aspects of Scotch, there are three ways you can invest:

☐ You can take your Scotch straight—buy it as a commodity future, hold it for appreciation, and sell for capital gain profits after six months.

☐ With a minimum purchase of 500 gallons, you can buy a parcel of new Scotch each year for four consecutive years. At the end of four years, the first batch is ready for blending and trading. You can then expand your holdings by trading your mature Scotch for raw fillings in direct ratio to the market prices for each without paying out any more money, yet getting a tax-free exchange on your Scotch investment.

☐ You can buy raw fillings for four consecutive years. Instead of trading your mature whisky for a larger amount of raw fillings, you can exchange it for the monetary equivalent of the first year's lot and pocket the cash difference between the dollar value of new whisky and the kind you can belt down.

The last two methods can give you an annual dollar return averaging 25% of your capital outlay, as our illustration below points up. In both cases, your original investment remains intact dollarwise, although the last technique gives you immediate cash returns (in addition to appreciation) after the four-year waiting period.

Tax Picture: When you sell your Scotch after holding it for six months or more (normally after four years), it's nice to know that no matter how high your tax bracket may be, you're going to pocket most of the profit in the form of capital gains. There is no tax on the increase in value until a sale is made, much like the paper profit in the stock market. Unlike the stock market, however, there is neither a transfer tax nor a brokerage fee. The profit finally realized is treated as long-term capital gain—unless you're a distiller, blender, or broker, in which case it is treated as ordinary income. (The table which follows this

article shows you the power of capital gains.)

These deals are worked out in Great Britain. The picture we've given you is the position of a U. S. investor under U. S. tax laws. It's even better in Britain, since you won't have to pay any British tax at all if you are not a resident of Great Britain, are not in business there, or do not allow any British firm to hold the whisky for you in its own name. (Normally, the whisky is government warehoused in your name.) Internal Revenue won't even get after you for any interest equalization tax, since it doesn't apply to the purchase of immature Scotch.

How Money Can Double in Four Years:

Here's an example of how your investment can double your money in four years:

Cost of new grain fillings (1960—1,200 gals. at \$1.75)	\$2,100.00
Storage charges (at 4 to 7¢ a cask per week for 4 years (5.5¢ average x 208)	11.44
Insurance (General—2¢ per gal. per year (02 x 1200 x 4)	96.00
(Title—1.25% of the value of the whisky times 1.3 years for 4-year term charge (1.25 x \$2,100 x 1.3))	34.91
Cask costs (10 butts at \$24.00) ...	240.00
Total Cost of Purchase	\$2,482.35
Sale price of mature grain (1964—1,200 gals. at \$5.10)	\$6,120.00
Cask costs refund	240.00
Gross Sale Price	\$6,360.00
Net profits before tax	\$3,877.65
Less U.S. capital gains tax	969.41
4-year Profit on \$2,482 Invest- ment	<u>\$2,908.24</u>
Total Value of Investment in Scotch in Four Years (less cask costs refunded)	<u>\$5,150.59</u>

Pitfalls: Don't allow this example of the profit potential to cloud your judgment. Give the following some sober thought:

☐ You can't drink your Scotch. If the bottom falls out of the market, you're stuck even with this liquid investment.

☐ The usual waiting period for profit is four years—that may or may not be too long for your taste, but keep it in mind.

SILVERS EXH. 11

11/16/72

Millbank Trading Co. Of Conn., Inc.
"Scotch Whisky in Bond"



CURRENT PRICING SCHEDULE

Effective - February 7, 1972

Note: Current pricing is at \$2.80 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,400	150	\$21,000
20	2,800	200	28,000
30	4,200	250	35,000
40	5,600	300	42,000
50	7,000	400	56,000
60	8,400	500	70,000
75	10,500	750	105,000
100	14,000	1000	140,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

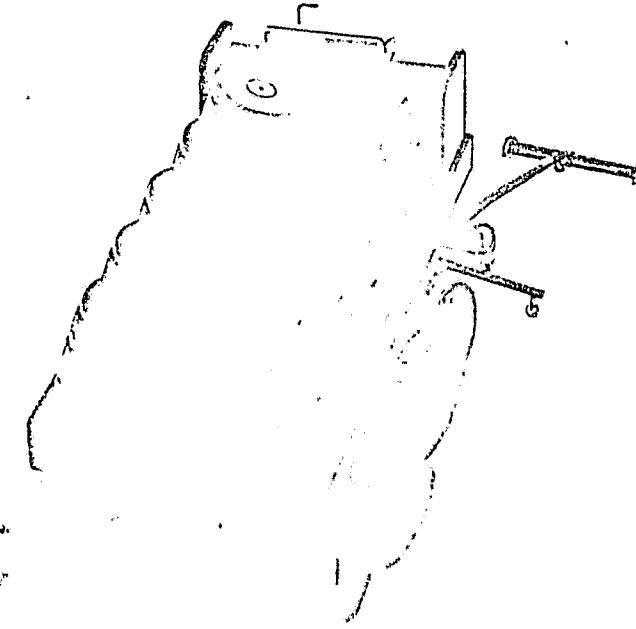
Per gallon price includes: cooperage, warehousing for four years. two Lloyds of London Insurance Certificates with premiums paid for four years, all handling costs, documentation and registration.

Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0762

SILVER EXH. 9

11/16/72

SCOTCH
WHISKY
IN BOND



at Milbank, New York, N.Y. 10022

MILBANK TRADING CO. OF CONN., INC.
175 Greenwich Avenue, Greenwich, Conn. 06830
203-869-0762

FINANCI

Scotch sales hit

new £194m. high

FINANCIAL TIMES REPORTER

SCOTCH whisky exports last year reached their highest ever whisky distillers there would be no balance of trade problem.

INVESTORS CHRONICLE

AND STOCK EXCHANGE GAZETTE

SCOTCH WHISKY

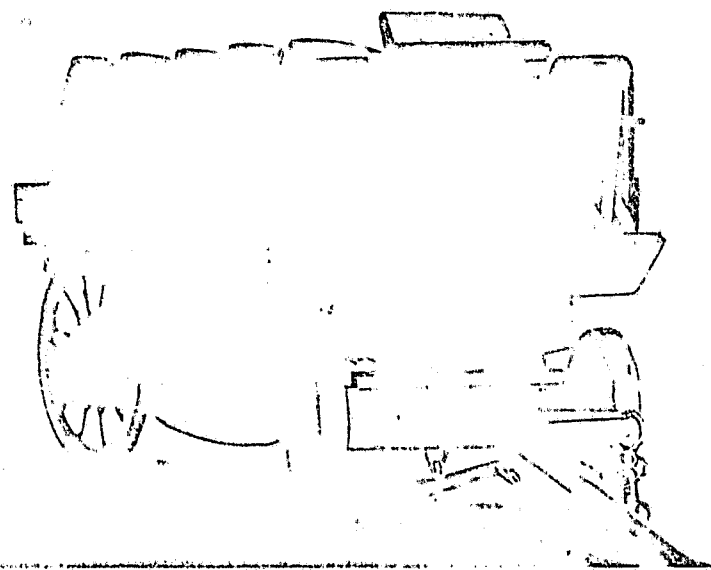
Bright outlook for
eight-year-olds

After a dull spell there are signs that the demand for whisky as an investment is about to increase. Ross Wilson, author of "Scotch: THE TIMES WEDNESDAY NOVEMBER 10 1971

Scotland's liquid gold worth
more than Bank reserve

For possible long term
capital gains.

- A UNIQUE PRODUCT.....
- A DEMAND COMMODITY.....
- TAX ADVANTAGES.....
- FOR POSSIBLE CAPITAL GAINS.....
- DIVERSIFICATION.....



Introduction to a new way of investing

Chivas Regal. . . Johnnie Walker. . . Dewars. . . Haig & Haig. . . Cutty Sark. . . J & B. . . Teachers. . . and many others. . . everyone a respected name in the art of the blending of SCOTCH Whisky. Each is the magnificent result of years of tender care. . . of gentle aging in huge casks till just the peak of perfection at maturity, then blended with other aged SCOTCH Whiskys and made ready for the savouring and enjoyment of the discriminating.

In that process is the simple basis for the value of investment in SCOTCH Whisky! For as that SCOTCH was maturing in age — it was also growing steadily in value!

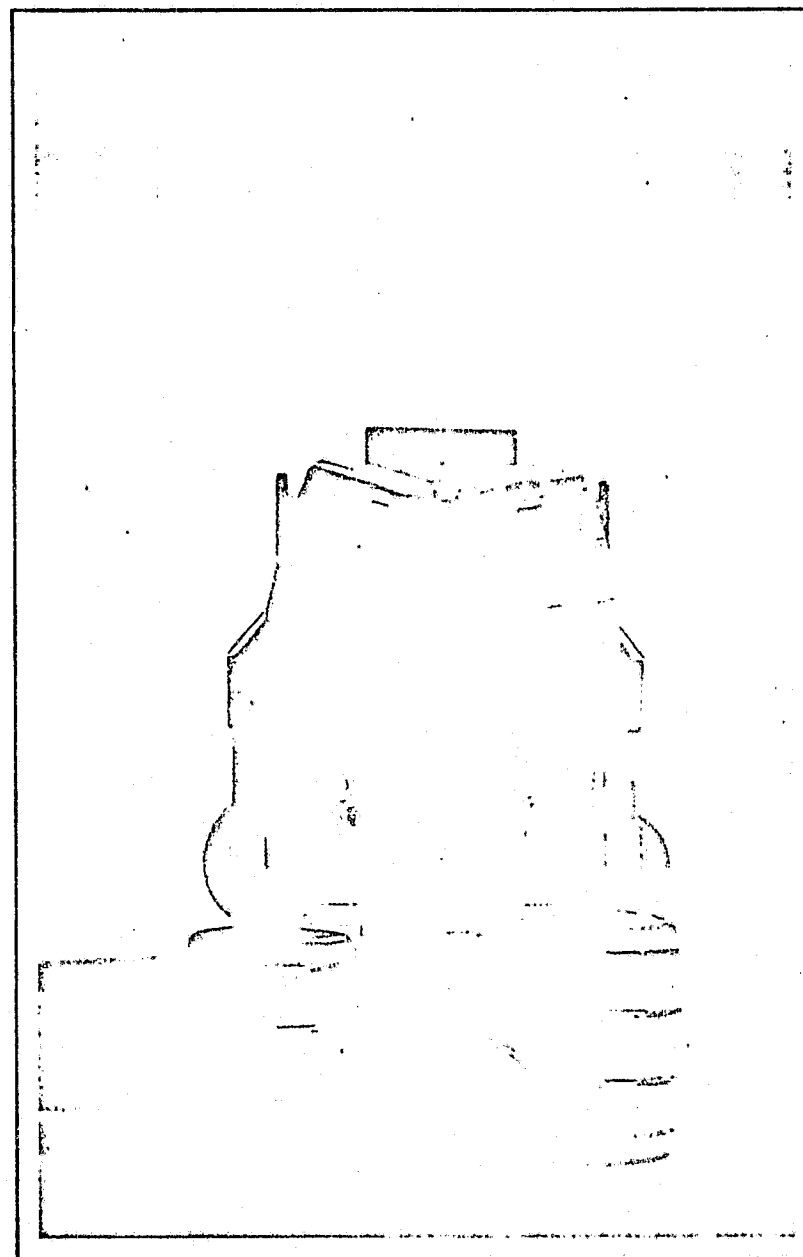
Behind this lies some interesting and little known facts

British law requires SCOTCH Whisky to be at least four years old before blending — and for U.S. consumption. For years this aging operation was financed for the SCOTCH Whisky Industry in Great Britain by the distillers, the producers of SCOTCH in its raw state, selling their "green" whisky for "new fillings") to financiers, who would resell to the Blenders, when it had matured to its desired age. The Blenders, who accomplished just what their name implies, blended various similarly aged SCOTCH to their own formulation, and made it ready for marketing to the consumer.

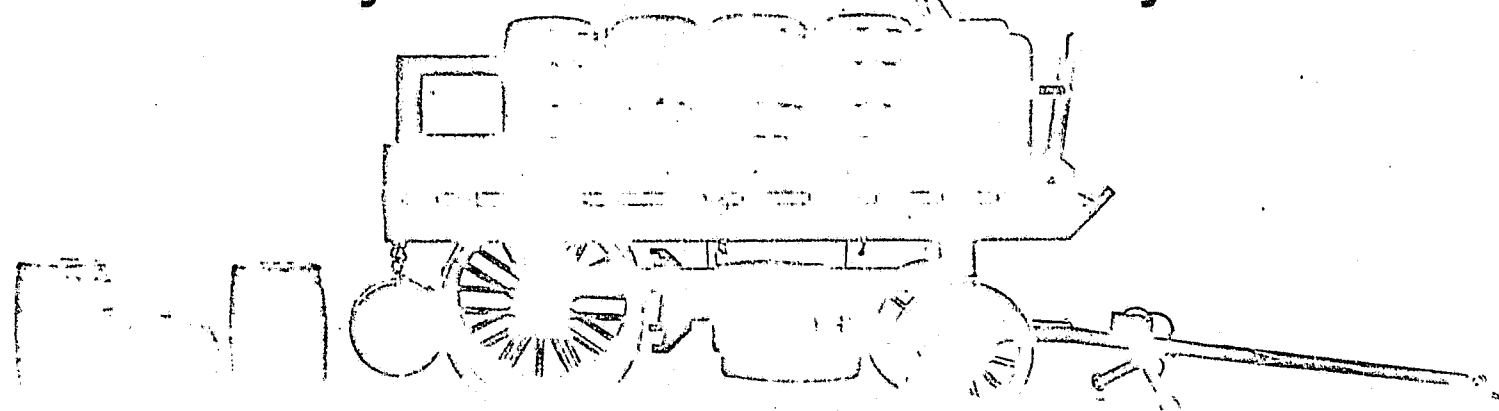
The mechanics of investing in scotch whisky

SCOTCH Whisky investment is different than purchasing securities, or corporate shares. When an individual purchases such shares, he is actually taking an interest in that corporation. The success or failure of his interest then depends largely on the degree of competence exercised by the corporate management.

When an individual buys SCOTCH Whisky, he actually purchases a specific quantity of SCOTCH in casks, which are gauged with scrupulous accuracy under Her Majesty's Customs and Excise Supervision.



Why worldwide wealth in Whisky?



©

THE

The whisky industry is a multi-billion dollar business, and it is one of the most profitable in the world. The industry is dominated by a few large companies, such as James Watson & Co., J. & A. Black & Co., and J. & F. Gibson & Co. These companies produce some of the most famous whiskies in the world, including James Watson's Black & White, J. & A. Black's Black & White, and J. & F. Gibson's Black & White. The industry is also growing rapidly, with new companies entering the market and existing companies expanding their production. This growth is due to a number of factors, including the increasing popularity of whisky in the United States and the growing demand for high-quality whisky in other parts of the world.

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whereas the Doctor asks questions of his patient, is influenced by what the patient says, and does not form his own judgement independently. [Perhaps, this is why many ordinary Medical Doctors are not always successful Investors.]

3. how?

In the old days, any poor Scottish farmer could produce Scotch Whisky merely by "cooking" his unsold grain and barley. Nowadays, the Industry is so big and so competitive that a new Distiller virtually cannot enter Scotland unless he already has a fortune made elsewhere. In the past fifty years only three new Distilleries worth mentioning have been created — Hiram Walker's Ballantine, Invergordon and Inver House.

Blending a new brand requires an enormous amount of capital for advertising. After all, Johnnie Walker has one hundred and fifty years of goodwill behind its label. Hiram Walker has 140 national markets of goodwill behind its label. J & B could exist profitably for many years just on the fact that more millions of consumers enjoy it than any other brand.

A newcomer, such as "100 Pipers", must expend millions on advertising alone before it can be accepted, and then several millions more before it can be profitable to its investors.

So, if you cannot enter the profitability of Scotch Whisky Investment by distilling or by blending, the best opportunity lies between distilling and blending. What lies between distilling and blending? MATURING lies between distilling and blending!

4. why?

Scotch, when blended, is a minimum of four years of age. The Distillers want cash for their newly-distilled Scotch. The Blenders are willing to pay cash for mature Scotch only (not for newly-distilled Scotch, which they would have to hold for years before blending and bottling).

Thus the opportunity arises for investors — small or large, private or organizational — to profit from a three-step investment.

1. Buy newly-distilled Scotch from a Distiller who needs cash for his own daily business.
2. Hold the Scotch until maturity, when it becomes of commercial use.
3. Sell to a Blender who needs increasing amounts of mature Scotch for the growing worldwide market.

5. when?

Ever since Scotch became an industry — one hundred and fifty years ago — profits have been made by investors who owned parcels of Grain, and held it till full maturity. Since Scotch is a long-term investment it can be recommended to all long-term investors who are prepared to wait patiently for extraordinary profits. The chief advantage of Scotch is that Scotch continued improving in value as it ages. There can be special circumstances (Wars, Prohibition Laws) which can reduce its market price — but these circumstances, in fact, serve to increase its price soon thereafter. The unchangeable law of Scotch is that older Scotch is worth more than younger Scotch.

The question of "when" becomes unimportant. The Scotch you invest in today matures sooner than the Scotch you invest in tomorrow.

These numbered casks are registered in the name of the owner, in the Distillery Records, then stored in Government Bonded Warehouses until the owner decides to sell his Whisky.

Investment in scotch whisky can follow three plans

- Plan 1. It can be bought as one would buy a commodity future, held for appreciation then sold for capital gain when market conditions are favorable.
- Plan 2. Raw Whisky (fillings) can be bought each year for four years. At the end of the four year period, the first parcel is ready for blending. This now mature SCOTCH Whisky can be exchanged for new parcels of raw fillings in direct ratio to the then market prices of each. This, in a favorable market, may result in a substantial increase in that year's holdings without increasing the capital investment. Furthermore, a "Like Kind" exchange of property has been ruled to be tax-free so that taxes can be deferred until the SCOTCH is sold. This is particularly worthwhile for the investor preparing for retirement, or one who is arranging long-term distribution of his holdings.

SCOTCH Whisky exports in 1968 increased an incredible 37% in volume and 44% in value over the previous year to total 59,155,000

proof gallons and \$423,722,400 in foreign earnings.

The U.S. Market took over half the total whisky exported, and shipments here were up 40% in volume and over 45% in value, which amounted to 33,254,000 gallons, valued at \$224,225,000. (Source — Financial Times, London — Jan. 29, 1969.)

No longer a status drink for the rich alone, SCOTCH has become the mass "In Drink" for all income and age groups, and is one of the fastest growing in the U.S. Liquor market.

What's where MILBANK TRADING CO. OF CONN., INC. enters the picture

... As specialists, trading only in SCOTCH Whisky, Milbank Trading has developed a simplified technique for cutting through the entangling snares of endless red-tape, eliminating confusing and complicated procedures. As a MILBANK client, you will be able to take full advantage of the opportunities afforded by investing in SCOTCH Whisky.

It is our aim and interest to do whatever we can to help obtain for our clients the best possible profit with the least amount of risk. Therefore, we recommend the purchase of GRAIN whisky rather than the volatile malt. MILBANK sells Grain SCOTCH by the barrel. Each barrel contains approximately 50 gallons — gauged and charted exactly under Her Majesty's Customs and Excise Supervision. The price per gallon is at the published MILBANK "Current Pricing Schedule" in effect at the time of the transaction (the latest published Schedule is enclosed for your information).

The "per gallon" price represents a total investment for the maturing period. . . it includes all our administrative and sales costs, communications, handling and cooerage. Warehousing for four years, as well as two Lloyds of London insurance certificates, one insuring the buyer against fraud, error or omission on the part of the Warehousekeeper, and the other against any physical damage while the Whisky is in the government bonded warehouse. The first is for twice the amount of the declared value (buyer's investment), and the latter at the declared value plus 10% the first year, plus 50% the second year plus 100% the third and fourth years.

• • • • •



SCOTCH FOR WHOOPEE—This pyramid of whisky barrels symbolizes a small fraction of the 1971 holiday season consumption of Scotch. A study by the research department of Black & White distillers forecasts a 9.5 per cent increase in Scotch sales in the United States for 1972 to a record-breaking 57 million gallons. That's more than \$1.8 billion worth at average retail prices.

Your savings and investments

Distillers should be seeing a better trading climate

BY STANLEY GUYER AND WILFRID PICKARD

SALES OF Scotch whisky in the home market increased by 13.9 per cent. last year and more than made good the previous year's drop. This had followed two duty increases on whisky between March 1968 and April 1969. Similarly shipments to overseas markets moved sharply ahead by nearly 16 per cent. and to the all-important but increasingly competitive U.S. market by 20.3 per cent.

The Financial Times
Saturday August 7 1971

57
MILBANK TRADING CO INC

310 NORTHERN BLVD
GREAT NECK N Y 11020
TEL 516 466 9701

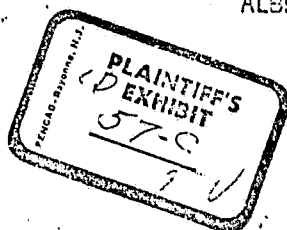
APR 21 1970
COMMODITY TRADER

1969 N Q

SUMMARY

PAYMENTS FBT
SALES \$2,500,000
EMPLOYS 4
RECORD CLEAR

ALBERT J DEEB, PRES-TREAS & CHIEF EXEC



PAYMENTS

Bulk of purchases are from one foreign vendor who has reported selling subject to the extent of \$500,000 in past, with payments received via sight draft basis in a prompt manner.

Two other domestic suppliers reported the following trade experiences:

HC	OWE	P DUE	TERMS	APR 23 1970	SOLD
100000	41700	10		Ppt	2 yrs
250				Ppt	

HIGHLIGHTS

Since inception of this business in 1967, management has all along withhold a balance sheet, as well as to furnish any specific operating figures, however, management reports a progressive trend continues with annual sales in vicinity of \$2,500,000.

Effective December 31 1969 Herbert J Ochs, former President and chief executive, resigned and was succeeded by Albert J Deeb, former Secretary and Treasurer. According to Albert Deeb, the withdrawal of Herbert Ochs, had no effect upon the financial structure of subject corporation.

April 1 1970, removal was made to caption address from 214-26 41st St., Bayside, N Y.

CURRENT

May 18 1970, Albert Deeb, President, declined a financial statement or to submit any operating figures. However, he did state that annual volume is in the vicinity of \$2,500,000, and has been steadily increasing since inception in 1967. Further stated that investment in fixed assets, is confined primarily to office furniture and equipment.

Banking

Account maintained at a New York City bank with balances in satisfactory proportions. Account routine, non borrowing.
6-5-70 (291 8) LBB 22A2

Enclosed are articles that can be shown to a prospect to help sell, but under no conditions are they to be handed to anyone.

MILBANK TRADING CO INC
GREAT NECK N Y

A OR Page 1
5-27-70

HISTORY Chartered: New York laws February 23 1967.

Authorized Capital Stock: 200 shares, no par value common stock.
Issued & Outstanding: Not disclosed. Reported held by Jack Wong, representing a group of businessmen located in the Bahamas. Wong is a businessman, located Freeport, The Bahamas.

Harold J. Ochs, former President, resigned December 31 1969.

OPERATION Commodity trader active in the selling of scotch whiskey investments.

Distribution: Subject purchases scotch from distillers in Scotland by the barrel and buys in large quantities. Title to merchandise is held by documentation and merchandise is stored in bonded government warehouses. Subject then in turn sells scotch whiskey in smaller quantities to individuals in the United States. All transactions are carried through documentation with inventory never leaving the government bonded warehouses in Scotland. Insured by Lloyds of London.

Terms: Cash

Seasons: No seasonal variations.

Employees: Four plus 26 representatives maintained throughout the world.

LOCATION: Headquarters are maintained on ground floor of two story office building, located along a principal thoroughfare. Business neat and orderly.

(CONTINUED)

M. LEANK TRADING CO INC
GREAT NECK N Y

A OR Page 2
5-27-70

ALBERT J DEEB, PRES-TREAS

PATRICIA (MRS VIRGIL) GALIOTO, V PRES
FRANCES (MRS A J) DEEB, SEC

DIRECTORS: The Officers:

MEMBER BACKGROUND

ALBERT J DEEB, born 1906, married. Prior to 1950 was active in the manufacturing or apparel in New York City area, and was a principal in Lincraft Inc. and Jay-Vai Shirt Mfg Co Inc., from 1945 until 1947 when both companies were liquidated. Employed by The International Radiant Corp., and its successor, Itomco Inc., Port Washington, N Y 1950-1962. Was sales representative with Albert Voigt Industries, Hicksville, N Y, 1962 to 1968. Elected an officer in the subject corporation in 1968. Held position of Secretary-Treasurer, until being elected President and Treasurer in January 2 1970.

PATRICIA GALIOTO, elected officer in January 2 1970. Born 1913 and married. Was employed by Northeastern Surgical Sales, Farmingdale, New York for seven years. Subsequently employed by subject corporation as office manager from inception until being elected an officer. Her husband Virgil, born 1905. Has been retired since 1958. Previously active in the wholesale fruit and produce line.

FRANCES DEEB, born 1924, married. Wife of Albert Deeb. Elected an officer in January 1970. Is a housewife.
6-3-70 (291 6) LBS

DUN & BRADSTREET

ANNUAL REPORT

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50 95

D-U-N-S

05-674-6456

MILBANK TRADING CO OF
CONN INC

175 GREENWICH AVE
GREENWICH CONN 06830
TEL 203 869-0762

© DUN & BRADSTREET, INC.
CD 68 NOV 24 1971
WHOLESALE LIQUOR

STARTED
1970
RATING
FF2

SUMMARY

PAYMENTS PPT
SALES \$583,571
WORTH \$10,000
EMPLOYS. 4
RECORD CLEAR
CONDITION GOOD
TREND UP

ALBERT J. DEEB, PRES
EDWARD J. BEHUNCIK, VICE PRES
LAWRENCE E. LEVY, SECT & TREAS
DIRECTORS: The Officers

PLAINTIFF'S
EXHIBIT 57-B

PAYMENTS

HC OWE P DUE TERMS OCT 13 1971 SOLD
(1) PPT
500 PPT 2 yrs
177 PPT 1 yr

FINANCE

On October 12, 1971, Albert J. Deeb, president, referred to statement dated July 31, 1971:

Cash	\$ 14,377	Owe Bank	\$ 11,900
Accts Rec	8,490	Note Pay Machinery	7,884
Current	22,868	Current	19,784
Fixt & Equip	890	CAPITAL STOCK	2,000
Cars	6,025	CAPITAL SURPLUS	8,000
Total Assets	29,783	Total	29,783

Sales from August 1, 1970 to July 31, 1971 \$583,571; gross profit \$44,890; and net profit \$3,114.
Signed by Lawrence Levy, secretary of MILBANK TRADING OF CONNECTICUT INC on October 5, 1971.

HISTORY

Deeb said sales have almost reached last year's total volume for the first three months of the 1971 fiscal year. Condition is good with the trend being up. As a point of interest, Lawrence E. Levy and Edward J. Behuncik maintain a trust fund at a local depository of more than low 6 figure to purchase whisky and supply the Milbank who contracts for it.

Incorporated Conn. laws August 9, 1970; authorized capital of 500 shares with no par value, paid in capital being \$2000.
This business started 1970.
DEEB, born 1906 and is married. Prior to 1950 was active in the manufacturing of apparel in New York City: and was a principal in Lin-craft Inc., and Jay-Val Shirt Mfg. Co., Inc., from 1945 until 1947 when both companies were liquidated. Employed by the International Radiant Corp., and its successor, Itemco Inc., Port Washington N.Y. 1950 to 1952; was sales representative for Albert Voight Industries, Hicksville, N.Y., 1962 to 1968. Elected an officer in the subject corporation in 1970.
President of Milbank Trading Co., Inc., Great Neck, N.Y.
BEHUNCIK and LEVY are attorneys, in Bridgeport and Greenwich, Conn. and are not active in subject. Subject is closely affiliated with the Mil-bank Trading Co., Inc., Great Neck New York which owns sales of 2.5 mil-lion.

(CONTINUED)

THIS REPORT MAY NOT BE REPRODUCED IN WHOLE OR IN PART IN ANY FORM OR MANNER WHATEVER.
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MILBANK TRADING CO OF CONN INC
GREENWICH CONN

NOV 24 1971
PAGE 2

OPERATION

Operates as a seller of scotch whiskey for possible long term capital gains. Subject purchases scotch from distillers in Scotland by the barrel and buys in large quantities. Title to merchandise is held by documentation and merchandise is stored in bonded government warehouses. Subject then in turn sells scotch whiskey in smaller quantities to individuals in the U.S. All transactions are carried through documentation with inventory never leaving the government bonded warehouse in Scotland. Insured by Lloyds of London. Terms for cash; seasons are non-seasonal. Employs four plus 23 representatives maintained throughout the world. LOCATION: Headquarters are maintained at the second floor of two story office building, located along a principal thoroughfare. Premises are orderly.
11-24 (72 9)

Dun & Bradstreet BUSINESS INFORMATION REPORT

SIC 67 93 D-U-N-S CD 68 NOV 30 1970 O'DUN & BRADSTREET, INC. STARTED 1968 RATING N Q

MILBANK TRADING CO OF CONN INC COMMODITY TRADER

175 GREENWICH AVE
GREENWICH CONN 06830
TEL 203 869-0762

SUMMARY

PAYMENTS UNDETERMINED
EMPLOYEES 4
RECORD CLEAR

ALBERT J DEEB, PRES
EDWARD J BEIRNICIK, VICE PRES
LAWRENCE LEVY, SECTY & TREAS
DIRECTORS: The Officers

REPORT TO BE FORWARDED TO THE COMPANY
WITHIN 10 DAYS
IF THE COMPANY DOES NOT
REPLY TO THE REPORT
IT WILL BE CONSIDERED
AS A REFUSAL TO DUN

PAYMENTS

Bulk of expenses are from foreign vendors.

FINANCE

Nov 24 1970, Albert Deeb, president, declined financial information. Deeb said that a balance sheet is being drawn up by the company accountant, and it will be forwarded on completion. Outside sources indicate that the company has adequate capital for the scope of operations.

HISTORY

Incorporated Conn laws August 9 1970; authorized capital of 500 shares with no par value, paid in capital being \$2000.

This business started 1970.

DEEB born 1906 and married. Prior to 1950 was active in the manufacturing of apparel in New York City; and was a principal in Lincraft Inc., and Jay-Vel Shirt Mfg. Co., Inc., from 1945 until 1947 when both companies were liquidated. Employed by the International Radiant Corp., and its successor, Itemco Inc., Port Washington N.Y. 1950 to 1952; was sales representative for Albert Volgt Industries, Hicksville N.Y., 1962 to 1968. Elected an officer in the subject corporation in 1970. President of Milbank Trading Co., Inc. Great Neck N.Y.

BEHUNCIK, and LEVY, are attorneys, in Bridgeport and Greenwich Conn and are not active in subject. Subject is closely affiliated with the Milbank Trading Co. Inc., Great Neck N.Y. which owns sales of 2.5 million.

OPERATION

Commodity trader active in the selling of scotch whiskey investments. Subject purchases scotch from distillers in Scotland by the barrel and buys in large quantities. Title to merchandise is held by documentation and merchandise is stored in bonded government warehouses. Subject then in turn sells scotch whiskey in smaller quantities to individuals in the U.S. All transactions are carried through documentation with inventory never leaving the government bonded warehouse in Scotland. Insured by Lloyds of London. Terms for cash; seasons are non-seasonal. Employs four plus 12 representatives maintained throughout the world. LOCATION: Headquarters are maintained at the ground floor of two story office building, located along a principal thoroughfare. Premises are orderly.

12-1 (95 2)

Memo: to All Representatives.

From: A. J. Deeb

Re: Dun & Bradstreet.

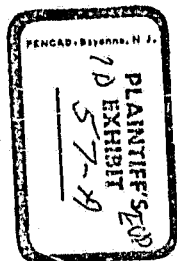
2/18/71

A copy of the report is enclosed for your information Do Not Let It Out Of Your Hands! If someone wishes to copy it, it's OK but we are not permitted to circulate the original. If someone wants a report directly from D & B, it can be had for the asking (if they are subscribers to the service.

THIS REPORT MAY NOT BE REPRODUCED

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BR 2 196215



Glen-Arden Commodities, Inc.

"Scotch Whisky in Bond"

November 16, 1973

Mr. P. M. Nachman
4501 Kenmore Avenue
Alexandria, Virginia 22304

Dear Mr. Nachman:

We have been advised by Inver House Distillers, Ltd. that through an error they have used your whiskey bonded in 1970.

This whisky is being replaced with a like quality of equal quality and equal age.

We are confident that you will find this satisfactory.

Sincerely,

GLEN-ARDEN COMMODITIES, INC.

Albert J. Deeb
President

Albert J. Deeb
President

AJD/bkl



Scotch Whisky for possible long term capital gains
175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 869-0763

PENCA, N.J.
PLAINTIFF'S
EXHIBIT
FD 59 *Kup*

JOSEPH A. McCADDEN, M.D.

613 Morris Lane
Wallingford, Pa. 19086
TRemont 4-9313

SEC. EXCH. COM.
N. Y. REGIONAL OFFICE
RECEIVED

NOV 14 1973

☒ Duffy
☒ Moran

November 12, 1973

Mr. Steven Shore
Securities & Exchange Commission
26 Federal Plaza
New York, N.Y. 10007

Re: Robert Taddonio
509 Scott Ln.
Wallingford, Pa. 19086

Gentlemen:

In pursuant to your request that Mr. Robert Taddonio appear in New York City to testify in court.

I have been his attending physician since 1965. At the present time he is just beginning to show signs of recovery from a very severe and almost fatal condition known as "Banti's Syndrome".

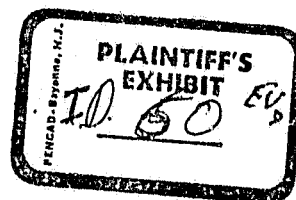
I feel that it would be positively detrimental to his health and possibly even fatal for him to attempt to go to New York City to testify in court.

It is therefore my recommendation that he remain in the Wallingford area until he is more fully recovered.

Sincerely,

Joseph A. McCadden, M.D.
Joseph A. McCadden, M.D., F.A.A.F.P.

JAMcC/bap



IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE
COMMISSION

Plaintiff

- against -

GLEN-ARDEN COMMODITIES,
INC. Formerly known as
MILBANK TRADING CO. OF
CONN., INC.
MILBANK TRADING CO., INC.
ALBERT J. DEEB
JOSEPH LAMONICA
PHILIP WEINSTEIN
CHARLES LOFFMAN
DAVID LOSEY
PATRICIA GALIOTO
DAVID LOEB

Defendants

73 Civil 1264 (MAC)

Depositions upon oral examination of
FLORIAN TADDONIO, taken pursuant to Rule 26, et. seq. of
the Federal Rules of Civil Procedure, by and on behalf of
Plaintiff, at 509 Scott Lane, Wallingford, Pennsylvania,
on Thursday, November 1, 1973, beginning at 11:30 a. m.

APPEARANCES: FRANKLIN D. ORMSTEN, ESQUIRE
and
STEVEN J. SHORE, ESQUIRE
26 Federal Plaza
New York, New York

For the Plaintiff

BENJAMIN GOLUB, ESQUIRE
ROGOVIN, PRAVDA & GOLUB
10 East 40th Street
New York, N. Y. 10016

For the Defendant

MRS. SARAH T. DOWNS
16 Revere Road
Berwyn, Pennsylvania 19312

Notary Public and
Certified Shorthand Reporter

FLORIAN TADDONIO, being first duly sworn,
was examined, and testified as follows:

BY MR. ORMSTEN:

Q. Mr. Taddonio, as you are aware, this case is
pending in the United States District Court for the
Eastern District of New York, Securities and Exchange
Commission versus Glen-Arden Commodities, Inc. and eight
other defendants, and your testimony is being taken
pursuant to a notice of deposition.

Before I start I would like you to know
that in connection with any questions that we ask you here

today, anything that you say can be held against you.

Do you understand that?

A. Yes.

Q. Sir, if in the course of any of the questions by the plaintiff, Securities and Exchange Commission, you feel that an answer to a question will incriminate you, please make that known to us, and we shall desist from asking such a question.

Q. Sir, you have the right to have counsel present before you answer any questions, and while you're answering any questions. Do you understand that, sir?

A. Yes.

Q. Do you wish counsel to be present?

A. No.

Q. Sir, I wish to advise you that in connection with false statements given under oath, there are penalties attaching in connection with the perjury statutes. Are you aware of that, sir?

A. Yes.

Q. Sir, have you understood all that I have advised you?

A. Yes, I have.

Q. Sir, would you please state your full name for the record?

A. Florian -- F-l-o-r-i-a-n - Taddonio,
T-a-d-d-o-n-i-o.

Q. Sir, have you ever been known by any other name?

A. No.

Q. Your home address, sir?

A. 509 Scott Lane, Wallingford, Pa.

Q. Phone number, sir?

A. TR 6-9720.

Q. Date of birth?

A. January 25, 1925.

Q. Sir, are you presently employed?

A. At the present time, no.

Q. Sir, when was the last time that you were employed, and by whom?

A. Well, actually, I was not employed by anyone. I was an independent sales representative working under contract with The Scotch Exchange, in King of Prussia.

Q. How long were you so employed, sir?

A. From January 5th of 1972 until I think it was April 27 of '73.

Q. Sir, would you briefly indicate the nature of the employment or the work in connection with your duties and responsibilities, generally?

A. With The Scotch Exchange?

Q. Yes, sir.

A. With The Scotch Exchange, I was under a contract to help develop the scotch whisky sales business. I was primarily under contract to The Scotch Exchange to develop a sales organization and set up a training program for the representatives, set up the training seminars, and compile the data that would be used for the sales presentation books.

I also handled the complete inventory control of the products we were selling, and my title was Director of Sales.

Q. Sir, just going back a moment, you indicate that you have not been employed, for how long a period of time?

A. Since my illness started, which was the last week in April.

Q. And your unemployment now is due, primarily or due mainly to a matter of health, is that right?

A. It is, definitely.

Q. Are you presently under a doctor's care, sir?

A. Yes, I am.

Q. Sir, are there any limitations on the extent to which you are able to leave your residence where this deposition is now being taken?

A. Yes, the problem being that I do not have the strength for any kind of long trips. I presently can do some local driving, permitted to drive to the store to get cigarettes and things like that. And the big problem is that I just can't walk.

Q. Sir, prior to your employment with The Scotch Exchange, Limited, by whom were you employed?

A. There again I was not employed by Milbank of Connecticut. I had entered into a relationship with the Milbank, in which I was a stockholder.

Q. In other words, are you saying that you had a relationship with Milbank during the period immediately before the time you had relationship with The Scotch Exchange?

A. Yes. That relationship started in September of '70.

Q. And continued, sir, until what date?

A. Up until the time that I sent in my letter of resignation, which was I believe in May of '72.

Q. Sir, is it correct to say that by training and background you were originally an engineer?

MR. GOLUB: You know, I personally think that that's a leading question. You could ask him what he did, but I really -- my status here is only to recommend.

MR. ORMSTEN: If I may say so, I only desire just to fill out the record. I was only rushing it along. I would be happy to do it that way.

MR. GOLUB: Go ahead.

A. My training is as an engineer.

BY MR. ORMSTEN:

Q. Would you just briefly state -- I know this is out of sequence -- your educational background and your occupational background prior to your association with Milbank?

A. Prior to being affiliated with Milbank, I worked for the Boeing Aircraft in Vertol Division as a Development Engineer and Supervisor, and that was from January of 1965 until October of '71.

And prior to that I was with Republic Aviation Corporation, Farmingdale, Long Island, from 1945 until 1965.

Q. Sir, are you a college graduate?

A. No, I am not.

Q. Are you a high school graduate?

A. Yes, I am. I also took courses at the Long Island Institute of Technology in Farmingdale, which is now part of the New York State University System.

Q. Sir, could you relate briefly how you came to be associated with Milbank?

A. Primarily because of my acquaintance with Mr. Deeb. Let me point out that Mr. Deeb has been a friend of mine of about twenty-five years, and in the, it must have been the, summer of '70, Mr. Deeb came to me and told me that he was starting a whisky sales company in Connecticut, and asked me if I would like to come in on a partnership, which I declined.

And then he explained to me that he had a problem, that is, he needed some capitalization, and asked me if I could lend him some money. And I felt that I would like to help him out, so I lent him some

twenty-five hundred dollars, and which he told me that he would, more or less as collateral security, would have twenty shares of stock in the new company assigned to me.

Q. Sir, was that the beginning of your relationship, business relationship, with Mr. Deeb?

A. That's right.

BY MR. SHORE:

Q. Sir, I believe you indicated that you had known Mr. Deeb for twenty-five years?

A. Yes, about that. I think I met him in 1947.

Q. Sir, prior to Mr. Deeb's conversation or conversations with you concerning Milbank Connecticut, did Mr. Deeb ever state to you in what capacity he was employed?

A. Yes, at that time --

Q. Would you state the time?

A. Yes, in the summer of '70, when he stated his intention of starting up his own company and was looking for financial backing at that time, he was presently, as I understood it, President of the Milbank of New York.

Q. What was the basis of your understanding, of your knowledge?

A. Would you clarify that?

Q. You just said that/as you understood it this was prior to the summer of 1970 he was employed by whom?

A. You have sort of lost me there.

MR. GOLUB: How did you know he was President of Milbank of New York?

MR. TADDONIO: If that's the question, it's because he told me.

BY MR. SHORE:

Q. Did Mr. Deeb tell you how long he had held that position? This would be as of the summer of 1970.

A. I understood it, he took over the job as President when the prior President, what's his name, Ochs, became ill.

Q. Would that be Herbert Ochs?

A. Yes, when he had a stroke and was incapable of conducting the business, it was at that time that he took over as President.

Q. Would you know when that was?

A. No, I wouldn't know what point of time that was.

Q. And again, what was the basis for your knowledge of the events you have just testified to?

A. The fact that he told me.

Q. Who told you?

A. Mr. Deeb.

Q. In other words, the basis of what you have just testified to is all from Mr. Deeb, is that correct?

A. That's correct.

Q. Sir, did Mr. Deeb ever make any statements to you concerning his position at Milbank of New York?

A. In what respect?

Q. Well, in the first instance with regard to what he in fact did?

A. Well, as far as I knew, he was President of the Company, and he was running the sales organization.

Q. Did he tell you that, specifically did he tell you that he was running the sales organization?

MR. GOLUB: Again, I am going to object.

MR. ORMSTEN: The objection is well taken, and the question is withdrawn.

(Discussion off the record.)

MR. ORMSTEN: The objection on the introductory matter was well taken. I certainly agree.

MR. GOLUB: I am going to state on the

record -- you fellows can ask whatever questions you want to. I will just put in my objections, and you can go ahead.

MR. ORMSTEN: Off the record --

(Discussion off the record.)

MR. ORMSTEN: In our off the record discussion, Mr. Golub indicated that he desired to reserve his right to object to any portions of the testimony taken here today, to the time of trial, and secondly --

MR. GOLUB: Or hearing.

MR. ORMSTEN: Or hearing. And secondly, it has been indicated that Mr. Taddonio may sign before any Notary Public, including this Reporter.

BY MR. SHORE:

Q. Sir, you just testified that Mr. Deeb was President of the Company and running the sales organization?

A. To the best of my knowledge, yes.

Q. Would you please clarify what you meant by the latter part of that answer?

A. Well, as far as I know, the sales people in the

organization were responsible to Mr. Deeb.

Q. Do you have any knowledge as to the number of sales people?

A. No, I have not, I was in no way affiliated with Milbank of New York and I have no way of knowing.

Q. Do you have any knowledge as to what Milbank of New York did?

A. As far as I know, they were selling whisky for possible gains to any client that was interested in purchasing it, just as he is currently doing with his present company.

Q. Sir, prior to Mr. Deeb's becoming President of Milbank of New York, do you know in what capacity he was employed and by whom?

A. Prior to being affiliated with Milbank of New York?

Q. Not affiliated -- assuming the Presidency?

A. Prior to him -- no, I disagree, he was affiliated with them -- in other words, he worked for them as a salesman until he was made President.

Q. I'm sorry, my question was, prior to being made President, what did he do?

A. He was a salesman for Milbank of New York.

Q. Do you know for what period of time he was salesman?

A. When did we have dinner up at Al's house?

MRS. TADDONIO: About four years ago, three years ago. I don't remember, Bob.

MR. TADDONIO: I'm trying to think.

MRS. TADDONIO: It's about four years ago.

MR. TADDONIO: Harry Ochs had dinner there also, and --

MRS. TADDONIO: About four years ago.

A. (continued) It must be about four years ago, I guess; he probably started around 1968 with Milbank of New York.

MR. ORMSTEN: In connection with that last question and answer, the record should reflect that Mr. Taddonio consulted with his wife concerning a prior social engagement in order to establish the particular answer, and that accounts for the colloquy between Mr. Taddonio and his wife.

MR. TADDONIO: I would say that he probably started with Milbank of New York either in the

latter part of '68 or early part of '69.

BY MR. SHORE:

Q. Sir, did Mr. Deeb ever make any statement to you concerning his sales activities during that period?

A. Yes. He at one time told me that he was very happy and everybody was happy with him because he was accounting personally for sixty percent of the total sales being made by the Company.

MR. GOLUB: Could I ask you if you would establish the time, please, Mr. Shore?

BY MR. ORMSTEN:

Q. Sir, when did he tell you that, to the best of your recollection, sir?

A. Oh, golly, I would say that was shortly before he was made President of the Company. That was probably why he was made President of the Company.

Q. And that was approximately when, sir?

A. I would say probably the latter part of '69.

BY MR. SHORE:

Q. Sir, you previously testified about certain events in the summer of 1970. I believe you also at that time testified concerning a loan that you made to

Mr. Deeb, is that correct?

A. That's correct.

Q. Would you perhaps continue from the point at which you were before in time, and testify as to the relationship, if any, with Milbank Connecticut subsequent to the summer of 1970?

A. Yes. Well, that's what I was trying to do, and we sort of got sidetracked on that. As I said, when he expressed --

Q. He is who?

A. Mr. Deeb expressed his desire to start his own company, and was looking for financial backing, he came to me, and asked me if I would be interested in a partnership in a company, at which time I told him No.

Then he at the same time approached me with his problem for needing financial backing, and asked if I could lend him twenty-five hundred dollars, which I agreed to do. I gave him a personal check, and he then gave me a promissory note, payable in thirty days, for the amount I had loaned him.

And for this he stated that he would have twenty shares of stock assigned to me, which was his way

of showing his gratitude.

Q. Sir, sorry, but to interrupt for a second, were the shares to be used as collateral on the loan or were they given to you as a gratuitous gift?

A. As more or less a gratuitous gift.

MR. GOLUB: Could I go off the record --

(Comment by counsel off the record.)

MR. GOLUB: Back on the record --

A. (continued) In any event, he had agreed that he would repay the money in thirty days, which unfortunately didn't happen.

Q. This is the promissory note?

A. Also the twenty shares turned out to be ten shares, when the time came that they issued the stock in the company, which was several months later. I was required to sign a form which was sent by two of his partners.

Q. Would you indicate their names?

A. Mr. Levy and Mr. Behunchick.

And it was to be signed by all the stockholders in the company. It was, I think, the Small Business Incorporation Papers that were going to be filed

in Bridgeport.

Q. That is Connecticut?

A. That's right. And I had signed that in September of '70, and at that time I was told that there were just four stockholders in the company, that was Mr. Levy, Mr. Behunchick, Frances Deeb, the wife of Al Deeb, Mr. Deeb, and myself.

Q. Sir, with regard to the promissory note, did there come a time that Mr. Deeb paid you money?

A. Let's go down the pike. I prefer to -- let me tell it -- I think it will be more clarified that way.

Later on, I found out that instead of being four stockholders in the company, it turned out that there were six, and instead of getting twenty shares in the company I got ten.

Q. Would you indicate how you came to learn what you just testified?

A. I never saw any corporation papers after that date that I had signed as being one of the stockholders in the company, but later on I found out that they had sold shares of stock to a Mr. Abdo, and he had ten shares, and ten shares were sold to a Mr. Andrews.

Q. Sir, would you indicate their first names.

A. Abdo, I think it was Charles. And Mr. Andrews I think was Joseph.

Q. Sir, you testified that you found out -- would you please indicate for the record the basis of your knowledge?

A. Yes. At a meeting that was called in Connecticut, when they were starting to form the company, I saw some people there that I didn't know, and I was introduced to them. And when I inquired as to what they were doing at this meeting I was told that they were stockholders in the company.

Q. Sir, who told you?

A. Mr. Deeb, and this was in a meeting in their offices, in Bridgeport, Connecticut.

Q. In whose offices?

A. Mr. Deeb's office in Greenwich, Connecticut.

Q. Sir, do you recall when this meeting was held?

A. It was at the same time we had gone up for this dinner engagement. It was around Thanksgiving.

Q. Of what year?

A. This was in 1970.

Q. Sir, do you recall what else Mr. Deeb said to you on that occasion?

A. Really nothing. It was a meeting at which they were talking about how they were setting up the company, and like I said, at that time I found out that they acquired other stockholders in the company, and this was primarily a meeting, when you get down to it, between Mr. Deeb and the two attorneys who apparently were going through the mechanization of setting up the company, and how it was going to be run, et cetera.

And I would say that the three of us who were also stockholders were more or less, I'm trying to look for a good word, it's a good enough word, were more or less ignored at the meeting.

Q. Sir, was there any discussion between yourself and Mr. Deeb concerning the other shareholders at that meeting?

A. No, I don't think so. I think that I did tell Al I was a little surprised to hear that we had acquired two more stockholders, and I think I had asked him as to why they were brought in, and I don't recall getting an answer to the question, but --

Q. Sir, did there come a time when you attended any additional meetings concerning Milbank of Connecticut?

A. Yes. I attended a second meeting up there, which was a general sales meeting, in which I attended with some of my people from down in this area; and there were some of the other salesmen that operated out of Al's jurisdiction; and this was primarily a meeting for Mr. Deeb who spoke as a salesman and more or less was instructing them on selling techniques; and in his opinion the best way to put together a presentation for selling the whisky.

Q. Sir, when was the second meeting?

A. I think that was in January of '71.

Q. Sir, between the meeting that was approximately in the beginning of 1970 and the meeting of January 1971, did you have any conversations with Mr. Deeb?

A. I was always having conversations with Mr. Deeb, because he is a close personal friend, and he would be down here just about every other weekend.

Q. When you referred to down here, you were referring to Wallingford?

A. My home, or whenever he had business in

Philadelphia he would stop here in the evening and have dinner with us and we would just discuss things in general and end up playing some penny ante poker.

Q. Sir -- I'm sorry, did you finish?

A. No.

Q. Go ahead.

A. It's all right.

Q. Sir, did you have any discussions with Mr. Deeb concerning Milbank of Connecticut or the sales of Milbank?

A. On just about every occasion, I had. I would try to have discussion with him, but unfortunately discussions didn't go very far.

BY MR. ORMSTEN:

Q. Sir, you said a little earlier that you went up to a meeting with some of your people. Could you clarify what you meant by that expression?

A. Yes. Some of the people that I had brought into selling, working directly for me -- do you want them by name?

Q. Well, no. In your own words, would you explain the relationship of these people to yourself in connection

with the selling and your relationship to Mr. Deeb and Glen-Arden of Connecticut, in relationship to what you did? How did it work? Were you a partner, an employee, an employer? Just in your own words.

A. I was considered to be a Sales Manager for this area down here. I was not under contract to the company. As I said, I was primarily a stockholder in the company. I was not an officer in the company, of any kind.

And what I had done was, I told Al that I wanted to set up my own sales organization down here, train the people and have them work directly for me. This was agreed to, and I operated here out of my home, and what I did was primarily bring these people in and train them in the selling of whisky.

Now, what that primarily means is be able to put together factual data in order to build a presentation to present to clients who were interested in this type of investment.

My philosophies or my techniques for selling were totally different from those recommended by the home office and Mr. Deeb.

Q. Sir, if you had your own sales force, why was it necessary for you to in any way be related to Milbank of Connecticut?

A. Well, primarily because they were the source of supply and I did have stock in the company. I was interested in seeing the company make a go of it.

Q. How were you paid, sir, by commission or salary?

A. Paid by commission only.

Q. And, sir, from whom did you receive your commission payments?

A. Checks, company checks, signed by Mr. Deeb.

Q. Was there any written agreement evidencing the amount of commission you were to receive?

A. No, not at any time. The agreement was that for every gallon of whisky that was sold out of my area that I would receive, well, a total of thirty cents per gallon would be paid as commission, twenty cents going to the salesman and ten cents to myself as an override for handling the administrative work and whatever work I was doing in conjunction with the selling of the whisky.

Q. Sir, did you deal with any other suppliers of the whiskey besides Milbank of Connecticut during this time you're talking about?

A. Not at all.

Q. Were you ever directed by Mr. Deeb or told by Mr. Deeb that you could not go to others?

A. No, I was never instructed not to, but I had no reason to go elsewhere. Like I said, being a stockholder in the company, I was interested in the company flourishing.

Q. Well, sir, was it ever discussed that you might go on a different supplier?

MR. GOLUB: I am going to object to the question.

A. No.

MR. SHORE: Why don't we take a minute?

(Recess, 12:10 to 12:20 p. m.)

MR. ORMSTEN: The brief recess for lunch has been concluded, and we will continue with the questions.

BY MR. ORMSTEN:

Q. Sir, how did you come to engage in the sale of scotch whisky?

A. Primarily because, after having been in engineering for some twenty-six or twenty-seven years, I sort of felt that there must be a better way to make a living. I was very disenchanted with the work I was doing, and I thought I would like to get into something new, something that would be challenging, something that would be interesting, and this scotch whiskey seemed to have all the earmarks of that kind of work.

Q. From whom did you learn of the scotch whisky business, if anybody?

A. Through Mr. Deeb.

Q. Sir, in connection with the training of sales help, who worked for you, did you ever prepare any literature?

A. Yes, I did.

Q. Without looking at it physically now, could you briefly describe what that was?

A. Well, naturally, in order to make an intelligent presentation to people, you have to have data available for them to examine, and I had hoped to put together presentation material that would show primarily what this type of investment was all about, or what the past history

of it was, what the projected future would be, along with what the pitfalls would be in this type of investment, and prepare an intelligent presentation that would primarily tell what the complete story was in this type of investment.

Q. Where did you get the information that went into this literature?

A. At the beginning, all the information that I got was made available to me through Mr. Deeb.

Q. When you say made available to you, was it made available orally, or did he give you things to read?

A. It was primarily orally. In other words, I would ask questions and get answers. On occasion he would send me some documentation, such as newsletters that were mailed out by other companies in this business.

He would send me copies of that when he had it available to him, and any information that he thought might be helpful.

In turn, what I did was put together some documentation, such as this brochure that Mr. Shore has, which primarily told the story of primarily what scotch whisky investments were.

I prepared other types of documentation, such as what the Milbank program was.

Q. Sir, do you know of your own knowledge if Mr. Deeb was aware that you prepared this literature?

A. Absolutely.

Q. How do you know that, sir?

A. Because on every occasion when I did prepare the material I would either forward him copies of it or when he came down here we would go over it, and I would get his opinion; and I used to insist in most cases that he get it cleared through his attorneys that this is proper material to be used.

Q. Did he ever say that he had gotten cleared or indicate anything in that connection?

A. He indicated on most occasions that it was perfectly acceptable to use this material, although I found out later on that in most cases he didn't even bother showing it to the two attorneys who were stockholders in the company, that he himself made the decision that it was all right.

Q. In connection with this discussion about literature, could you indicate the time that we are

talking about, at least the year?

A. Yes. We started putting the data together primarily I would say the late part of 1970 into the early part of 1971.

Q. On what do you base your statement that Mr. Deeb did not show the literature to the attorneys?

A. On one occasion when I had prepared some material which was actually two sample financial statements showing a typical investment and over a four-year period showing the type of returns that were derived, based on buy-back prices that were quoted to me by Mr. Deeb; I prepared both these financial statements, and I sent copies of them to Mr. Deeb, and he said they were perfectly acceptable, but, in a later conversation with him he told me that, when I had questioned him as to whether or not these statements were approved by the attorneys he said No, he looked at them himself, and he thought they were perfectly all right.

At that point in time, what I did was inform my three salesmen not to use that data anymore, because I felt it had not been approved, and that I wasn't

sure.

Q. Did Mr. Deeb ever say anything to you other than what you just testified to about the use and preparation of literature, anything at all?

A. Well, first of all, Mr. Deeb was a firm believer in using as little material as possible in making a sale. He felt if he gave a person too much to read, this would negate a sale.

I disagreed with him. I felt that a client should be fully informed as to what he was entering into.

Q. Did he ever --

A. I prefer you let me continue.

Q. Yes, sir.

A. Because, I will give it to you in chronological order.

Q. Fine, sir.

A. Finally, there had been so much disagreement between the two of us as to what could be used and what could not be used, and since my policy was not to use any material that was not approved by the company I had asked Mr. Deeb to set up a meeting at which we would have all

the sales representatives available, and he called a meeting which was held out at the Downingtown Inn, and that was in the latter part of '71, in which all the representatives from the northern area as well as my three fellows and myself and our families were invited for a weekend out at Downingtown; and for that meeting I had prepared two very large charts, of which I had put on these charts every bit of material that was available to us, including this brochure.

MR. GOLUB: Could I ask at this time that we at least have that marked as an exhibit so we can have it in some kind of order.

MR. ORMSTEN: Yes, sir, you can ask, and we would be glad to do so.

MR. GOLUB: Okay, thank you.

MR. ORMSTEN: Mr. Taddonio, at this point we interrupt you so that Mr. Shore can ask you to look at the literature we have been discussing and identify it, if you can.

MR. SHORE: Okay, I have here three documents I am going to ask be respectively marked Plaintiff's Exhibit 1 for identification, which is a

yellow-covered booklet containing seven pages, stating Scotch Whisky, An Intriguing New Way To Invest, and the top of the pamphlet is labeled Milbank Trading Corp. Connecticut, Inc.

I ask that that be marked Plaintiff's Exhibit 1 for identification.

(Document was so marked Plaintiff's Exhibit No. 1 for identification.)

'MR. SHORE: A ten-page booklet which has a blue cover, but no writing on the cover, and on the first page of the booklet states: Scotch Whisky, An Intriguing New Way To Invest, to be labeled for identification as Plaintiff's 2.

(Document was so marked Plaintiff's Exhibit No. 2 for identification.)

MR. SHORE: And I ask that a two-page document labeled Milbank Program be marked as Plaintiff's Exhibit 3 for identification.

(Document was so marked Plaintiff's Exhibit No. 3 for identification.)

MR. GOLUB: Could we stipulate on the record that we will get copies of those exhibits?

MR. ORMSTEN: Certainly. Pursuant to the request of counsel, it is stipulated that copies of the three exhibits just marked for identification will be furnished to counsel shortly.

Although I believe all exhibits have been made part of court papers, in the event that they have not we will adhere to the stipulation.

(Marked documents were handed to the witness.)

BY MR. SHORE:

Q. Sir, --

A. Shall I pick up where I left off?

Q. Sir, I believe you were testifying and referred to a booklet before. Would you indicate for the record which booklet or booklets you were referring to?

A. I don't quite understand the question.

BY MR. ORMSTEN:

Q. Are any of the three plaintiff's exhibits marked for identification respectively 1, 2, and 3, instances of literature which you were discussing just a few moments ago?

A. Yes.

Q. And, sir, would you look at the booklet marked as Plaintiff's Exhibit No. 1 for identification, and after you have done so can you tell us, sir, if you have ever seen it before?

A. P-1 and P-3 were part of the presentation I prepared for approval at this meeting held at Downingtown as part of the over-all presentation I was preparing.

Q. Did you in fact, sir, prepare both of those exhibits?

A. Yes, these were both prepared by me and submitted by me, and submitted for approval in the following way. Can I just take it in my own words from here on?

Q. Yes, sir.

A. In this meeting out at Downingtown, my prime objective of attending this meeting was to try and get the company to come up with one single form of presentation to be used by all the salesmen working for the company. These large charts that I prepared had copies of both of these exhibits and many other exhibits which are not available here, which I don't have copies of

either.

In any event, the material was presented in this meeting for approval, and some deletions were made to some of the documents we were going to use, and the biggest point of contention in the meeting was whether or not this brochure --

BY MR. SHORE:

Q. Would you indicate which one?

A. Exhibit 1. -- should be used. And Mr. Deeb was of the opinion that it was too lengthy, and that his past experience told him that giving people too much material to read would negate a sale; therefore, he at first objected.

Many of us in the meeting were in disagreement with him. We felt that the more material we had available which factually told the story of what they were becoming involved in was the best route to go.

The argument boiled down to primarily what color should the brochure be. Mr. Deeb said that he felt that this brochure in gold color was too gaudy, and that he felt it should be a more subdued color, such as a light blue.

And the argument was resolved by Mrs. Deeb who said the best thing to do is get a thousand copies printed, have half of them blue and half of them yellow, and I should use the ones that are gold and Mr. Deeb would use the ones that were blue.

In regard to this, Mr. Deeb was so insistent that this would not do anything to promote sales that he made a personal wager, and we're talking now in front of some thirty people around a conference table, in which he stated that he would take five hundred copies and mail them out to prospective customers off the professional mailing list, and he assured me from his experience that we would get an extremely poor return -- he made an offer that he would buy me a two hundred and fifty dollar custom-made suit if it produced more than a half dozen responses.

The printing of all the material that was approved and used was all paid for by Milbank. I had it printed up in a local printing shop here and submitted the bills to Connecticut, and in turn they paid me for the printing of all this material.

As far as the five hundred copies that

were sent to Mr. Deeb, he said that he had mailed them out to Prospective Clients, and he was very happy to tell me that he had only gotten four responses, and when we contacted the four people who supposedly had received the brochure we were told that they had never received any brochures in the mail.

So I am not at all sure that they were ever really mailed.

As far as the copies, the gold copies, copies of these were given to my three salesmen --

Q. When you say gold, you are referring to Plaintiff's Exhibit 1?

A. Exhibit 1 -- in other words, there were two versions of this same material, except different color. My representatives who were working for me were given copies of this, and upon request from a prospective client a copy was left with them.

In my own opinion, it is a good brochure. It is a very enlightening brochure, and the kind of information that should be submitted to anybody who is interested in this type of investment, to give them an idea as to what the history is as to this type of

investment.

It should be also noted, as you go through this, there are no recommendations of any kind made in this brochure. There are no financial statements.

The reason I bring that out is, I have seen so many financial statements that come from different magazines that, in my opinion, are sheer hogwash, and the use of these financial statements, such as the one that you will find in that Medical Economics, and there is another issue of something -- anyhow, they are financial statements that date back to 1967, which show an extremely good picture of the scotch whisky investment, which was not apropos to the current times, because, at the time that we were generating this material to be used, the grain market was in a very depressed condition. It still is.

I felt that that kind of information did not reflect the true story, what the market was at that time.

BY MR. ORMSTEN:

Q. Sir, you indicated that you had prepared Plaintiff's Exhibits 1 and 3, the gold booklet and the

white I believe it's a two-sheet program.

A. Milbank Program.

Q. Sir, you also indicated that you submitted them for approval at the meeting and discussed them at the meeting at the Downingtown Inn?

Sir, were there any changes made from your original preparation to the time that they were printed up?

A. There was one particular piece of documentation we used, which was a reprint from a Warden Walker Newsletter, which gave current U. S. dollar quotations, and we felt that this information was not factual, and, therefore, should be deleted from that documentation, the reason being that I understood that Warden Walker who has been doing business in this country by mail has been quoting U. S. dollar quotations on whisky sales, and that the United States Government objected to this, and they later changed to current Warden Walker quotations rather than U. S. dollar quotations.

In any event, that change was made in the documentation, and the rest of the documentation was used intact.

Q. Sir, would that include Exhibits 1 and 3?

A. It included Exhibits 1 and 3. Let me also point out that this material was not, to the best of my knowledge being used by Mr. Deeb's people.

BY MR. ORMSTEN:

Q. Sir, as to Exhibit 3, would you refer specifically to that now? You say that you prepared that, is that right, sir?

A. That's correct.

Q. Did you submit that for approval at the meeting?

A. Yes, I did.

Q. Sir, could you elucidate on what you mean by the statement, submitted for approval?

A. In other words, I felt that since I was not an employee of the company, I was not under contract to the company, I felt that any of the material being used by the sales people should be generated and controlled by the company itself.

Now, this, incidentally, was a firm policy I had at The Scotch Exchange. First of all, our salesmen at The Scotch Exchange are all under contract to the company, and they are required to sign a contract, which also states that we will control all the material

that they use in the field, and any violation of this is cause for immediate dismissal.

In other words, you have to have one central control area for controlling whatever data is used.

Q. Well, sir, you indicated a moment ago that either you aren't certain or you were unable to state whether this literature, certainly Exhibits 1 and 3, were ever used by Mr. Deeb or his people, is that correct?

A. Yes, I have no way of knowing if he used it. As I said, I was independent of the people that were working for him.

Q. And did Mr. Deeb, did you ever have a conversation with Mr. Deeb in which he indicated either approval or disapproval of the literature as far as his people were concerned?

MR. GOLUB: I object to the question. I object to the form, and I think that it has already been asked and answered.

BY MR. ORMSTEN:

Q. Well, in addition to what you have already stated, did he say anything one way or the other?

A. Let me put it this way: --

Q. Specifically relating to his people?

A. -- I never forwarded copies of this information to any of his people. In other words, copies of this material did go to Mr. Deeb. As to whether or not he dispersed this to the other people I have no way of knowing.

Q. Sir, you indicated that, in respect of the gold brochure, Plaintiff's Exhibit 1, that the printing was paid for by Milbank?

A. Yes.

Q. Sir, were there any costs incurred in connection with Plaintiff's Exhibit 3, the program, Milbank Program?

A. Anything that I had printed, I submitted the bill to Milbank, and they paid it. In other words, they reimbursed me. In other words, I didn't print anything unless I first had permission to print it, because I wasn't on any expense arrangement with the company, and I didn't intend to go into large printing expenses without being reimbursed for it.

Q. Sir, was there any discussion at the meeting at

the Downingtown Inn concerning Plaintiff's 3, the Milbank Program?

A. No, but I will give you a little background on that. This here is the second edition. The first edition of this when it was first written, there's an item here that says, as part of the program transfer certificates issued by distillery concerning registration and transfer -- this here was the first edition, and this was changed to read, transfer warrant issued by distillery concerning registration and transfer; the reason why Mr. Deeb did not want the word certificate used in it --

No, I'm sorry, this is the second -- the first one said a transfer receipt, and he did not want to use the word receipt, because of the fact that they were constantly talking about scotch whisky receipts, and that/^{you}were in violation of S. E. C. et cetera if you were selling receipts.

And actually the terminology, transfer receipt, was objectionable on his part and it was changed to transfer certificate.

A copy of this, when it did read transfer receipt, had been forwarded, as I understand it, now,

this is hearsay, was forwarded by some client to the Attorney General's Office in Connecticut, and there was something, some ado, made about it, and they were called in and, as I understand -- I don't know whether it was a court case or what, I was usually left in the dark on all these things -- it was ruled that there was nothing objectionable to it.

BY MR. SHORE:

Q. Sir, what was the basis of your hearsay?

MR. GOLUB: At this time?

A. Mr. Deeb told me about it, because he raised hell with me.

MR. GOLUB: Excuse me. I'm going to object to the question, on the record. I have already reserved my objections, but I will still state once more, a lot of these questions call for the operation of a person's mind who is not present.

We are not getting conversations that did or didn't take place. So I am going to put that objection on the record, as to those opinions expressed by Mr. Taddonio as to what other people may or may not have thought. But I will reserve my objections to the time of hearing. I won't go into any of those.

BY MR. ORMSTEN:

Q. Mr. Taddonio, referring now specifically to Plaintiff's Exhibit 3, which is the two-page document, other than the matter you just discussed as to the use of the word, receipt, was there any other comments or discussion concerning any other aspect of or information contained in this two-sheet Milbank Program?

A. No. This seemed to be the only thing that seemed to be objectionable, using the word, receipt, which was changed to certificate.

Q. Sir, do you know, of your own knowledge, if Mr. Deeb saw Plaintiff's Exhibit 3 at the meeting?

A. I am certain that he did.

Q. Do you know that, sir, in what way?

A. Like I said in this meeting at Downingtown, every bit of documentation that was being used was all passed on. These large plaques, these plaques were erected right in the conference room, and which we went over each one of these, and got his approval to use them.

The approval was on the basis you can use it if you want to.

Q. Sir, did Mr. Deeb ever meet any of those

individuals that you have characterized as your people?

A. Oh, yes, on very numerous occasions.

Q. For example, sir?

A. At all the sales meetings we have had, and on occasion when Mr. Deeb was here, one or two of them might drop in, and we would sit and have a little discussion.

Q. Sir, you described this meeting at the Downingtown Inn, where this literature was discussed, as a sales meeting, is that right?

A. That's right.

Q. Were your people present at that meeting?

A. Yes, they were.

Q. Sir, did Mr. Deeb address that meeting or make any remarks at all to the group?

A. Such as what? I don't quite follow you now.

Q. Were any talks or lectures or speeches given by anyone present to the assembled salesmen?

A. He primarily objected to using any kind of material, because he felt that a good salesman didn't need reams and reams of paper work to make a sale, and he felt that using all this documentation would be

detrimental to selling. My people and some of the other people there disagreed. That's why he said, all right, if you want to use the material, use it.

Q. My question now is directed to other than the question concerning the literature. Did anyone either, yourself or Mr. Deeb, say anything to the salesman concerning the business or sales techniques or about anything, if you recall, sir?

A. No. He just generally discussed the status of the company and how it was growing, and how sales were increasing, and generally a real good picture of how the company was growing.

MR. TADDONIO: May I ask a question off the record?

MR. ORMSTEN: Yes.

(Discussion off the record.)

MR. ORMSTEN: We're on the record --

MR. SHORE: In the off the record discussion Mr. Taddonio raised the question as to whether or not Mr. Deeb has denied ever receiving this material and to the best of my knowledge I believe the answer is that he has denied it was prepared with his approval, but I do

not recall if he denies ever having seen it.

BY MR. ORMSTEN:

Q. Sir, if Mr. Deeb stated that it was not prepared with his approval, would that be a correct statement?

MR. GOLUB: I object to the question.

MR. TADDONIO: Where does that leave me now?

MR. ORMSTEN: You can answer it. The objection is by our agreement reserved to the time of trial.

MR. TADDONIO: Can I answer that question with a question?

A. If he did not approve it, why did the company pay for it?

BY MR. ORMSTEN:

Q. Sir, I believe that Mr. Shore has certain other questions --

BY MR. SHORE:

Q. Sir, in addition to Exhibits 1 and 3, you also have what has been marked as Plaintiff's Exhibit 2 for identification. Have you ever seen this document

before?

A. Yes, this is a rough draft, this is a draft copy of the final brochure.

Q. Which is the final brochure -- is that Exhibit 1?

A. Exhibit 1 is the final brochure. This was a draft copy which was submitted to Mr. Deeb, and he sent it back to me with a statement that it is entirely too long, and no one's going to take the time to read it.

So at that point I sat down with some of my people, and we condensed it to the seven-page document to the eleven pages we had here.

Q. Did Mr. Deeb make any other comments to Exhibit 2?

A. Exhibit 2 is which one? This one?

Q. The one in your hand.

A. Yes, his comment was it's totally worthless.

Q. Did he make any specific changes in the contents of that exhibit?

A. No.

Q. Sir, to your knowledge, was Exhibit 2 ever distributed to the public?

A. To the --

MR. GOLUB: Excuse me. For the record again, what is Exhibit 2, which one is that?

MR. SHORE: Exhibit 2 is the exhibit in Mr. Taddonio's hand now.

MR. GOLUB: Is that the condensed version?

MR. TADDONIO: This is the draft version.

MR. GOLUB: That's the draft version, Exhibit 2 is the draft version? Okay.

A. I would have no way of knowing if this was ever used. I know the copies were given to some of the people to read and make comments as to what they thought could improve it.

BY MR. SHORE:

Q. Sir, to your knowledge, how many copies were printed up?

A. It was probably just a handful, because this wasn't intended to be used for the purpose of sales. It was primarily to try and put together a brochure that would be effective.

Q. Sir, to your knowledge, how many copies were sent or furnished Mr. Deeb?

A. Of that exhibit?

Q. That's Exhibit 1, you are referring to. I am talking with regard to Exhibit 2.

A. As far as this goes, probably just two or three.

Q. Sir, you have testified concerning a sales meeting at the Downingtown Inn. I believe you testified it was in January, is that correct?

A. I think that particular meeting was in January of '71.

Q. Did you attend any other sales meetings?

A. Yes. They had several meetings at Downingtown. I attended three or four of them.

Q. Would you indicate when each meeting occurred and where?

A. I think the first one we had which was just a small meeting, in which he wanted to get to meet the people that I was training, that was in -- I couldn't swear to these dates, I can just give you approximate times --

Q. To the best of your recollection.

A. I think that the first one was around October of '70, in which he invited all of us to dinner at the Downingtown Inn. It was a week night. We had

dinner and drinks, and just general discussion. And we had another one which I believe was during the summer of '71, which was more of a recreation weekend, combined business and recreation.

And there was a meeting, I believe that was in January of '71, and the last meeting I had attended was in April of '72.

I remember that, because we had one hell of a bad snowstorm here, and I had to drive that thirty miles in snow two feet deep.

Q. Sir, would you indicate who attended these meetings?

A. It was predominantly Mr. Deeb, and Mr. Levy and Mr. Bohenchick never attended any of these meetings. They were attended by Mr. Deeb, Mr. Lynn David, and Mr. Andrews.

These were stockholders. And I would say about seventy-five percent of all the sales representatives and their wives.

Q. Sir, do you recall if a Mr. David Loeb attended any of these meetings?

A. Yes, he attended all of the meetings.

Q. Do you recall if a Mr. Charles Loffman attended any of these meetings?

A. He attended all of the meetings?

BY MR. ORMSTEN:

Q. Sir, would you please identify those last two gentlemen and spell out their names?

A. David Loeb, L-o-e-b, and Charles Loffman. How does he spell his last name?

MR. GOLUB: L-o-f-f-m-a-n.

BY MR. ORMSTEN:

Q. Who are they, sir?

A. They are salesmen working for Mr. Deeb.

BY MR. SHORE:

Q. Sir, who paid for the cost of rooms and food at the meetings at Downingtown Inn?

A. Milbank Trading Company Connecticut.

BY MR. ORMSTEN:

Q. How do you know?

A. Because I objected very violently to having these damn meetings, because they are extremely expensive and as a shareholder in the company that money was taken out of profits and I didn't feel that we should be entertaining groups of that size for two or three days at a time

-- I had gone into this business as a means of earning money, not throwing it away on gala weekend parties.

Q. Sir, did you have any discussions with Mr. Deeb concerning what you have just testified to?

A. In a sense, yes. I told him that I didn't particularly like the idea of having so many people invited. It's one thing to have a sales meeting and invite the salesmen, but to pick up a retinue of people like we would have attending, one in particular where my wife and I were invited out for the weekend and told no children were to be present at this meeting, and we had quite a hard time trying to find a baby sitter for a weekend to take care of all our kids, when we found when we got out there all his people brought their kids and this led to some disagreement between Mr. Deeb and I and my wife at dinnertime, in which we told Mr. Deeb we were unhappy with his tactics, and there's been very strained relations ever since that day, at least between my wife and Mr. Deeb. She won't even talk to him. We felt grossly insulted that he allowed people to come down from New York and Connecticut, bringing their families, and we who live nearby we weren't permitted to bring ours.

Q. Sir, what did Mr. Deeb say to you, if anything, concerning Milbank of Connecticut paying for these weekends?

A. He just felt that it was a normal expense that had to be incurred in having these sales meetings, because we were spread out over such a large territorial area. He felt that was a good place for having the meetings.

Q. Sir, when you say he felt, how do you know that he felt --

MR. GOLUB: I object to the form of the question.

A. I can't say very well what's in a man's mind.

MR. ORMSTEN: Would you strike the question.

BY MR. SHORE:

Q. Did Mr. Deeb state to you what you have just so testified?

MR. GOLUB: I object to the form of the question, but go ahead and answer the question. We'll be here all day. If I just object to the question, go ahead and answer. I can't tell you to answer the question.

MR. ORMSTEN: Withdraw the question.

Question withdrawn.

MR. SHORE: Question withdrawn.

BY MR. SHORE:

Q. Sir, did Mr. Deeb make any statements to you concerning his views?

A. Views on what?

MR. GOLUB: I am going to object again to the form of the question.

MR. TADDONIO: It's very vague.

BY MR. SHORE:

Q. Did you ever speak with Mr. Deeb concerning the sales meetings?

A. In what regard? In any regard, did I ever speak to him?

Q. Yes.

A. Yes, I told him we should have periodic meetings with the sales people, and that we should in these meetings be in a position to instruct them and to help them in their sales effort.

BY MR. ORMSTEN:

Q. Any response to that? Did he say anything to you

specifically in response to your suggestion?

A. Yes, he told me it was a good idea, pretty much followed that by having meetings.

Q. Sir, did you ever at any time express to Mr. Deeb any disapproval to having the meetings, or the fact that the meetings were held?

MR. GOLUB: That question is objected to. I am reserving my objections. Go ahead. I'm sorry.

MR. TADDONIO: Do you want to restate that?

BY MR. ORMSTEN:

Q. Sir, did you at any time ever express any disapproval of the meetings, of the fact of the meetings being held?

A. No, I approved of having the meetings, but I disapproved of the number of people who were being asked to attend these meetings. I felt they should have been strict business meetings.

Q. Did you actually say something along those lines to Mr. Deeb?

A. Yes.

Q. Did he respond to that statement?

A. He responded in a sense when the next meeting came along it was the same group of people there. Many of the people weren't even affiliated with the company.

Q. Did he say anything in response to, I think you said he didn't respond specifically --

MR. GOLUB: I object to what he said.
The record speaks for itself.

MR. ORMSTEN: Let me ask the question again.

BY MR. ORMSTEN:

Q. Did he, sir, say anything in response to your saying there were too many people at the meetings?

A. No. He just felt that he was in a position as President of the company to invite anybody he felt like, which is his prerogative.

Q. Sir, referring back to Plaintiff's Exhibit 3 for identification, I note that on page 2 thereof, I'm sorry, page 1, there is a statement that Milbank will assist in the sale or exchange -- sir, does that mean the sale or exchange of scotch whisky?

A. That's right.

Q. And can you explain, sir, just what assistance

would have been rendered, what assist in the sale or exchange means?

A. That statement means -- and incidentally, it was taken directly out of the Milbank brochure that they had prior to what I was trying to put together -- if a person had purchased whiskey through the company and felt through some extraordinary need was in need of cash and wanted to sell, the company would either put them in touch with a broker or try and find another buyer for their whisky, and this service would be rendered at no charge, no fee of any kind.

In other words, they were trying to assist them in the resale of their whisky to a buyer, which is current procedure with all companies in this business.

Q. Sir, did you or did any of the salesmen working for you ever make a sale to any customer at any time of scotch whisky?

A. What do you mean, did any of my salesmen ever sell any whisky?

Q. Yes.

A. Of course, they did.

Q. Sir, at the time did the people to whom the

whisky was sold make payment for it?

A. Yes, absolutely.

Q. To whom were the checks made payable?

A. Directly to Milbank Company in Connecticut.

Q. Do you know, sir, how the checks were transmitted?

A. Well, in the case of my people, they would bring the order in to me, and I in turn would send it certified mail up to Connecticut.

Q. Sir, in connection with any of the sales which your people made, did you ever provide assistance on the sale or exchange of the whisky?

A. No, we never had a need to. In other words, we never got a request for it.

Q. Sir, do you know of your own knowledge if any customers of Milbank of Connecticut ever made that request of any of the sales forces?

A. I questioned Mr. Deeb about that, oh, it must have been about the early part of this year, and he told me he had gotten quite a few requests, but they were people who bought whisky from Milbank of New York, and I asked him, well, just what are you going to do. He said

What I'm doing is refer them to Milbank of New York, they are clients of Milbank of New York, not clients of Milbank Connecticut.

I think that's one of the reasons that he agreed with me that the name of the company should never have been Milbank in the first place.

BY MR. SHORE:

Q. Sir, would you please clarify the statement you just made?

MR. GOLUB: I object to the form of the question.

BY MR. SHORE:

Q. Sir, to your knowledge, how did the firm in Connecticut come to be called Milbank Trading Co. of Connecticut, Inc.?

A. This you might say is hearsay also, but, as I understand it --

Q. Well, sir, hearsay from whom?

A. It was told to me by Mr. Deeb when I had questioned him as to why we were going to use the same name as Milbank of New York.

BY MR. ORMSTEN:

Q. Mr. Taddonio, may I interrupt you to say --

MR. GOLUB: Can we let him finish his answer, then ask another question?

MR. ORMSTEN: I make the interruption at this time to suggest that it not be hearsay, but if they were actual statements that you actually heard you can testify to that, but not as to speculation.

MR. GOLUB: Then I will put on the record that we are not going to have any of this testimony, because it is all what he hears -- then you want to discontinue all question what he heard from other people?

MR. ORMSTEN: Not as to Mr. Deeb, who is the defendant, and as to whom the statement would be admissible. That's different. That's why I am making that qualification.

MR. GOLUB: Everybody is looking at me -- I am not counsel for Mr. Taddonio.

BY MR. ORMSTEN:

Q. Mr. Taddonio, would you please continue -- can you indicate what actually was said, not your

interpretation of what was said?

A. At the beginning, when I asked him as to why we were going to use the name Milbank of Connecticut, the explanation I was given --

BY MR. SHORE:

Q. Please indicate with whom the conversation was.

A. This conversation was with Mr. Deeb of Milbank of Connecticut, that he had made an agreement with Milbank of New York that they would remain a supplier.

Q. Who is that?

A. Milbank of New York, to supply Milbank of Connecticut with their whisky at a pre-agreed-to price, and that they would service Milbank of Connecticut by supplying them with the whiskey at a certain price, and also handle all of the processing of their paper work.

Q. Of whose paper work?

A. Of Milbank Connecticut's paper work, and that they had an agreement, I don't know whether it was in writing or not -- I have no way of knowing -- but that we would use the name -- when I say we, I am talking as a stockholder in the company -- that we would use the name Milbank Trading Company of Connecticut, and I don't know what the insistence was that we use that particular

name, but apparently this was part of the agreement between Mr. Deeb and the people of Milbank of New York.

I objected to using that name, because I felt that we should not be using the name of another company and that if we are starting up a new company that the company should stand on its own merit, and, obviously, I didn't win my argument.

Q. Sir, under this agreement, did Mr. Deeb say what Milbank of Connecticut's obligations would be?

A. Obligations to who? Milbank of New York?

Q. Yes.

A. To buy from them at a pre-determined price, and should there be a violation of this price by Milbank of New York then Milbank of Connecticut would be free to seek other suppliers.

Q. Sir, under this agreement, did Mr. Deeb state to you what Milbank of New York's obligations would be?

A. Milbank of New York's obligations would be to supply them with the whisky on demand, /and that they would handle the processing of all their paper work.

Q. Sir, what type of sales would Milbank of Connecticut make?

A. Retail Sales.

Q. And Milbank of New York?

A. They would be primarily like a distributor. In other words, they would go out of the retail selling end of this business and just act as a supplier, probably not only to Milbank, probably to other companies, I don't know who, but, to be distributing you have to distribute to more than one company.

BY MR. ORMSTEN:

Q. Sir, did there come a time when your business relationship with Mr. Deeb terminated?

A. Yes. That time came in what was it, May of '72.

Q. Sir, would you please state the facts and circumstances concerning that termination?

A. Okay. Can I do this without being interrupted?

Q. Yes, sir.

A. During the time that I was affiliated with Milbank of Connecticut, I felt that there were a lot of changes that were necessary to be made in the company to make it a more effective company, and to improve our performance, starting with the fact that I felt that my own opinion that the whisky we were selling was overpriced.

I felt that we should have a reduction in the pricing of our whiskey, and, speaking to Mr. Deeb about this he tried to explain to me how his costs were so high that he had to maintain the level of pricing he was using.

I disagreed with this, because I felt that high price was mandatory on the basis of the price we were buying it for, and I felt that we could find a supplier who would supply the whiskey at a much better price, so we could reduce our price and be more competitive.

He thought about this. He considered this. But he never acted on it, to the best of my knowledge. And this has been a sore point that we had between us for a long time. And finally I took it upon myself to start looking for another supplier, and had contact with The Scotch Exchange in King of Prussia, and worked out an arrangement with them by which they would be able to supply us grain whisky at a price far below what we were paying for it, which would then allow us to drop our selling price to a point where we would be competitive, and give our clients a better opportunity

to make a profit on their investment.

I obtained from The Scotch Exchange, /a letter from the President of The Scotch Exchange, /outlining the terms of this agreement. I took this letter and I forwarded it to Connecticut to Mr. Deeb, and told him I would like immediate action taken on it one way or another.

A couple of weeks went by, and there was no action taken on it; when I insisted on action I was finally told by Mr. Deeb that, dammit, you're nothing but a salesman, you're nothing but an engineer, you let me run the business or get the hell out.

I said, Fine, you made the decision for me, and I sat down that day and I wrote out my resignation, I told him I could no longer be associated with the company, that I felt that I just in all good conscience could not continue working with them.

Incidentally, a copy of my letter of resignation was taken by Mr. Ryan from the Washington Office. He has it. In which I resigned any affiliation I had with the company.

As far as the stock that I held in the company, Mr. Deeb, pushing me a few days later, he called and wanted to know what I planned on doing with my

stock. I told him, as far as I was concerned, he could have it back if he merely paid me back the twenty-five hundred dollars that he had borrowed from me and never paid me. It was agreed that he would pay me the twenty-five hundred dollars and I would turn over the stock to him, and give him back his promissory note, which he did, so I returned the stock back over to Mr. Deeb, received the money that he borrowed from me, and that was the last I had any communication with him.

BY MR. ORMSTEN:

Q. Sir, you indicated that you sent a communication to Mr. Deeb concerning prices from different suppliers, is that right?

A. That's right.

Q. Sir, can you state if there was in fact any difference in the price at which the scotch was offered by Milbank of Connecticut?

MR. GOLUB: Could I get a foundation, when in time, and place, on this?

MR. ORMSTEN: Yes.

BY MR. ORMSTEN:

Q. Could you as best and as accurately as

possible pinpoint when this communication was sent?

A. I had started negotiating with The Scotch Exchange I believe it was in the latter part of April or the early part of May of '72, and I had spent about two weeks negotiating with them, and finally came up with an agreement as to what I felt was beneficial for my company, which was, at that time I was with Milbank, and I felt that this would enable us to reduce our price by twenty to thirty cents a gallon, which I felt would be very instrumental in improving sales, as well as making us more competitive with other people that were also selling grain whisky.

And, as I said, this was not acted on. And oddly enough, about six months after I had gone to work with The Scotch Exchange I ended up selling a hundred thousand gallons of whisky to the Milbank people based on the terms of that letter that I had gotten from the President of the company six months prior.

Q. Sir, I believe you indicated that there was a price difference?

A. Yes, I am trying to think of what the price was.

Q. You say first there was a difference?

A. Yes, considerable difference.

Q. And, sir, what was that, if you recall?

A. I don't know exactly what we were paying for it with Milbank of New York, but I know that our pricing, the total package, including the insurance and the warehousing, for warehouse, with the whisky in casks, rental, came to \$1.79 a gallon; with a normal markup this whisky could be sold, including insurance and everything included, for about \$2.40 a gallon, versus the \$2.80 a gallon that was being charged.

Q. Being charged by whom, sir?

A. By Milbank. At the same time, selling it at \$2.40 a gallon would have probably netted us the same profit margin that we were operating under.

Q. Sir, you indicated that sometime after the letter was sent, you sold a hundred thousand gallons to Milbank?

A. That's correct.

Q. Of Connecticut.

A. Of Connecticut, that's right.

Q. Sir, did you ever, while working for The Scotch Exchange, what is it, The Scotch Exchange?

A. Yes.

Q. For The Scotch Exchange, ever make any retail

sales to members of the --

A. We were, all we were was a retail sales organization.

Q. And, sir, could you state the price at which those sales were made to the public, a gallon?

A. No, I couldn't do that, because we handled maybe thirty different kinds of malts and we didn't have a grain, and every malt had its own price depending upon its age and the brand, and what we did at The Scotch Exchange is we put out a current price list every week, which listed all the inventory we had and the pricing for each item in the inventory.

Q. Well, sir, didn't you do that at Milbank?

A. No, sir, because all we handled was grain and grain is grain. So it was one fixed price regardless of what distillery you got it from or who you sold it to.

Q. Was pricing information put out to members of the public by Milbank?

A. Yes, it is right on the order form that it is \$2.80 a gallon.

BY MR. SHORE:

Q. Were any current quotes given over the course of the year?

A. You mean as to what the value of it was?

Q. Yes.

A. Not to the best of my knowledge

Q. Sir, you're aware that Mr. Deeb is now a defendant in an action brought by the plaintiff, are you not, sir?

A. Yes.

Q. And you have indicated in your testimony, sir, some business and personal differences with him?

MR. GOLUB: I object to any questioning along this line at all. It's irrelevant.

MR. ORMSTEN: On what ground do you object?

MR. GOLUB: It's irrelevant as to what the relationship is, I mean. Go ahead.

MR. ORMSTEN: Mr. Golub, I will certainly withdraw the question.

MR. GOLUB: I object to the question.

MR. ORMSTEN: Withdrawn.

BY MR. SHORE:

Q. Sir, in your testimony a few moments ago you indicated that, you used the term, We were -- we referring

to Milbank of Connecticut -- were obtaining whisky from our supplier. Would you indicate for the record who the supplier was?

A. The supplier was Milbank of New York.

MR. ORMSTEN: Just to clarify for the record, Mr. Golub, I wish to indicate that I was further going to question Mr. Taddonio concerning any biases he had in connection with his testimony. Do you have any objection to that testimony?

MR. GOLUB: Ask him the question. I object to it, but you are entitled to ask him the question.

I have preserved all my objections anyway, so there's no point. You can ask him if you want to ask him. It's up to you.

BY MR. SHORE:

Q. Sir, with regard to your testimony concerning costs, would you indicate for the record the basis of your knowledge?

A. The basis of my knowledge is we were selling whisky at \$2.80 a gallon.

Q. That is, Milbank of Connecticut?

A. Milbank of Connecticut, and knowing what the cost of whisky was to buy it directly from the distillery, and having an idea as to what the markup was between the distillery and the time we got it, I felt it was excessive.

Q. Well, sir, would you indicate the basis of your knowledge for the statements you have just made?

A. The basis of my knowledge is that at the time this was happening, I had available to me the pricing schedules from every distillery in Scotland, and what their opening prices and bids were, and knowing that once I had gotten into negotiations with The Scotch Exchange, and what I could buy the whisky for from them --

Q. Which was?

A. -- as I said, the total package would come to about \$1.79 a gallon, the total package, including insurance and warehousing over a four-year period, and with the normal rate of markup it could be sold at about \$2.40 a gallon, rather than \$2.80. So in my opinion they were selling the whisky at about forty cents too high.

Q. Did you ever have any discussions with Mr. Deeb about his reasons for using the \$2.80 figure?

A. The reasons were that he had --

Q. Did he so state to you?

A. In questioning him about why we couldn't find another supplier, his argument was that unless, well, he had an agreement with New York, Milbank, to buy it from them at a certain price, and adding to that your cost of overhead, operating expenses, profit, and salaries and commissions to be paid, he felt that selling it at \$2.80 a gallon netted the company a profit of some 18%, which he felt was a good operating margin.

I felt that if you can cut out some of the middle men in buying our whisky, we could pass that saving on to our customers and at the same time still realize the same profits.

Q. Sir, when you used the term middle men, who do you refer to?

A. I mean like if a distillery sells their whisky to a broker who in turn sells it to Milbank New York who in turn sells it to Milbank Connecticut you have two steps in between where they have a markup; where the whisky that I had hoped to obtain from ^{/or through} The Scotch Exchange obtained directly from the distributor who are

brokers over there, that would eliminate two steps in the chain, which would drop the price, in my opinion, about forty cents a gallon, which was the markup for the profit for the people that were the in-between middle men.

Q. Sir, in your example just now you described two middle men. To your knowledge, how many middle men were involved in the sales made by Milbank of Connecticut?

A. I have no way of knowing for this reason -- whoever it was from Milbank of New York that went over there to make their large purchases, I don't know if they bought it directly from the distillery or whether they bought it from other brokers or bought it from a broker who bought it from a broker. I don't know how they conducted their business.

But, for one thing, for you to buy directly from a distillery, number one, you have to go on a program schedule with these distilleries; in other words, you can't just go over there to a distillery and say I'll buy, I'd like to buy a hundred thousand gallons. You go over there and negotiate, and they will tell you in what month they will supply that whisky, if they will accept your offer. And they program this into their production.

You may go over there with a hundred thousand dollars, and you find out you can't buy any whisky for a year, you may find out the entire program has been worked out for the year. That way you have to buy it from a broker, and if you buy it from a broker, that's where your markup comes in.

Q. Have you ever heard the name Joseph Lamonica?

A. Yes, on one occasion I have.

Q. Would you indicate when and what that occasion was?

A. At the time Mr. Deeb left the Milbank of New York, he told me that Mr. Lamonica was actively going to be running the business.

Q. Running what business?

A. Milbank of New York, and that he was dealing with Mr. Lamonica in the purchase of the whisky.

Q. That is, Mr. Deeb was dealing with Mr. Lamonica?

A. Yes.

Q. Did he make any other statements?

A. Yes. On several occasions I have heard him, he was very upset and he told me on that occasion that

when the price of whisky was raised to him, that he had harsh words with Mr. Lamonica, and that he would try and get Mr. Lamonica to agree to different terms than what he was offering.

Q. Sir, did you ever hear the name Patricia Galioto?

A. Yes. Her name appeared on a lot of documents that I had received. As far as I know, she is like an office manager or executive secretary in Milbank of New York.

Q. Sir, what is the basis of your knowledge?

A. Mr. Deeb, again. I called Mr. Deeb to tell him papers were overdue, insurance policies haven't come through, transfer papers haven't come through, he would check with Patricia Galioto, find out when they were coming in.

Q. Sir, have you ever had any communications with either Mr. Lamonica or Mrs. Galioto?

A. To the best of my knowledge, no.

Q. Sir, have you ever heard the name Philip Weinstein?

A. Yes, on one occasion I heard the name mentioned and that was at a time that Milbank New York gave us a

price rise, and Mr. Deeb was very upset over that, and I asked him what he planned to do about it. And he had mentioned in passing that, well, he was going to discuss this with Mr. Weinstein and see if he couldn't get it resolved.

Q. Sir, was Mr. Lamonica's name mentioned in that conversation?

A. I can't say for sure but I assume that it was.

Q. Sir, did Mr. Deeb ever make any statement to you concerning the frequency with which he spoke to Mr. Lamonica?

A. Well, I got the impression that this was almost on a daily basis, discussing prices, discussing papers, what was overdue, what was being mailed out.

BY MR. ORMSTEN:

Q. On what do you base that impression, sir?

A. Well, whenever I would talk to him on the phone, which would be almost every day, talking about the orders back and forth, and he would tell me that, sometimes he would say, Well, Joe's taking care of that, or Pat's taking care of it, or Milbank's taking care of it, and so I am assuming when he said Joe he was talking about

Mr. Lamonica.

BY MR. SHORE:

Q. Sir, have you ever heard the name, Scotch Exchange Limited, referring to a Bahamian corporation?

A. Yes, I have heard that on many occasions, and --

Q. Who had you heard it from?

A. First time I heard it I had asked Al --

Q. That is Al Deeb?

A. Al Deeb -- to supply me with some after market information that meaning buyback prices, so we could show prospective clients what the current buyback market was; and he produced a letter that was written by this Scotch Exchange of The Bahamas, I think it was in 1969, in which it showed an offering price of three dollars a gallon or an equal exchange of two barrels for one.

And in subsequent conversations I had with Mr. Deeb about getting pricing information he mentioned, well, he was waiting for the people down at The Scotch Exchange in The Bahamas to make an offer, and that offer was, as far as I know, never forthcoming.

Q. Sir, to your knowledge has Mr. Deeb ever traveled to the Bahamas?

A. As far as I know he has, yes.

Q. What is the basis of your knowledge?

A. The fact that he told me that he was going to take a vacation with his wife down at the Bahamas; when he went down there he came back and told me about the beautiful golf courses and the hotel he stayed at, what a great place it is for gambling and everything else.

Q. Sir, to your knowledge did Mr. Deeb engage in any business discussions or transactions while in the Bahamas?

A. If he did he didn't discuss it with me. I think that, this off the record, I think at this point --

Q. Everything you say is on the record.

A. I prefer this to be off the record. If you want it on the record you can put it on.

MR. ORMSTEN: Okay, off the record --

(Discussion off the record.)

BY MR. SHORE:

Q. Mr. Taddonio, to your knowledge did Milbank of Connecticut have any means of instruction or training for its salesmen?

A. To the best of my knowledge, the training that was given to the salesmen exclusive of the people that were

reporting to me were given a very brief indoctrination period by Mr. Deeb, as to how he felt they should sell whisky.

BY MR. ORMSTEN:

Q. How do you know that, sir?

A. Because he reiterated this at just about every meeting we had.

Q. Were you ever present when Mr. Deeb spoke to other salesmen?

A. Oh, yes, on occasion he even went out with the salesmen on appointments to show them how he feels whisky should be sold.

Incidentally, he also did this with the men who were reporting to me, and after my men had gone out on appointments with him they came back and told me that they felt that they could not sell the way Mr. Deeb wanted them to sell, for the reason that he, being a professional in this business of selling, could sort of size up a client and know exactly what to say to make a sale; and, you see, Mr. Deeb felt that, if you couldn't make a sale in about eight minutes you weren't going to make the sale.

And I and the people who were under my jurisdiction, we felt that this was not so, that in a period of eight minutes you could not convey the entire story of what this investment was all about, and required not only more than eight minutes but more than one visit.

BY MR. SHORE:

Q. Sir, you have previously testified concerning certain information which was periodically sent out by Milbank of Connecticut -- I believe you testified they were reprints.

A. Yes.

Q. To your knowledge, what was the source of these reprints?

A. Now, are we talking to the salesmen or to the clients or to both?

Q. Both.

A. Well, primarily they were reprints of articles that he would obtain from publications such as the London Financial Times, from Harpers, from Wine and Spirit, from any type of financial journal that had written any story about scotch whisky, and if it was a favorable item naturally he would have it reprinted and

forwarded to the salesmen. And on occasion it would also be mailed to all of the clients.

BY MR. ORMSTEN:

Q. Were any price figures ever reproduced?

A. In some of the articles where they would talk about the growing future of this type of investment they would give examples of the type of profits that were involved, and naturally there were never any two articles that were the same.

Q. Did any other entities or companies supply pricing information to Milbank, that you know of?

MR. GOLUB: Is this in context of what was mailed out? I'm not following the drift of the questions.

A. As far as pricing data goes, as far as I know none of it was ever mailed out.

BY MR. ORMSTEN:

Q. Either mailed out or presented?

A. To the best of my knowledge, no.

As I said, you had reprinted material that did have pricing data in it, and these articles were printed verbatim.

BY MR. SHORE:

Q. Sir, what was the source of these articles?

A. As I stated previously, usually some periodical or some newspaper, the London Times or The Wall Street Journal, or Harpers, or Kiplinger -- whenever an article came out that was favorable toward this investment and the reasons, why, this was usually reprinted and sent to the salesman and, on occasion, also sent to the clients.

Q. Sir, have you ever heard the name Warden Walker?

A. Yes. Warden Walker was a source of information. In other words, they put out a monthly newsletter which Milbank received copies of every month, and which supposedly had market information on it, and current quotations. And what the future is of the scotch market, along with economic conditions in Europe and all that sort of stuff that goes with it.

And on occasion this information was reprinted and used.

Q. What would be the Warden Walker information?

A. That's right.

Q. When you say used, what do you mean by that term?

A. Well, if an article came out that was very favorable, let's say, to grain whisky, and the future of grain whisky, that would be reprinted and sent to the salesmen as well as to clients to keep them informed as to what the market was.

But that was only one source that was being used.

Q. Sir, you earlier used the term, your area -- would you please define that.

A. What do you mean? My area of sales, or my area of responsibility?

Q. I believe you were referring to your men and your area?

A. Yes. My area was this house and I was starting to build a sales organization which I finally settled on three men who I felt were the right men for the job, high in morality and code of ethics and integrity and everything that I felt I approved of; and these men were assigned to work in the area from Washington up to the New York border.

And their sales were conducted on the basis of obtaining lead cards from the Connecticut office.

They would do the mail out, direct mail --

Q. That is, the Connecticut office?

A. That's right, and any responses we got or inquiries we got from the area which was supposedly in my jurisdiction, which as I say was from Washington up to the New York border, these cards were forwarded to me, and I in turn turned these over to the salesmen.

And they would call and make appointments, set up appointments, and see the clients.

Q. Sir, you stated earlier that you obtained ten shares of Milbank of Connecticut's stock, is that correct?

A. That's correct.

Q. Sir, to your knowledge, what percentage of the stock issued by Milbank was that?

A. That was ten percent of the stock. There were a hundred shares.

Q. Sir, you have previously testified that subsequent to your working for Milbank of Connecticut you went to work for The Scotch Exchange?

A. No.

Q. I'm sorry. Did you?

A. I worked for The Scotch Exchange after leaving Milbank. I'm sorry. You're right.

Q. That after leaving Milbank of Connecticut, you went to work for The Scotch Exchange?

A. That's correct.

Q. I believe you also testified briefly that while at The Scotch Exchange you sold Milbank Connecticut certain quantity of scotch whisky, is that correct?

A. That's correct.

Q. Could you, perhaps, describe that transaction in greater detail at this time?

A. Yes. Mr. Deeb became interested in obtaining whisky at a better price and he approached me one day and asked me if I was still in position to offer them a good pricing on whisky, and I told him I would check with our brokers and the distillery over there and see about pricing.

Q. Do you know when this was?

A. This was in September of '72. He told me he had a need for -- no, actually, I think it was August of '72, no, it was September -- he said he needed fifty thousand gallons for October, November, and December, a

total of a hundred and fifty thousand gallons. And I called our, contacted our, agent in Scotland, and asked him to find out what the best pricing he could get for me, and he got back to me with an offer from Invergordon on pricing that I felt was very reasonable, and I told him what it was; and he agreed that he would be very interested in purchasing a hundred and fifty thousand gallons.

Q. That's Mr. Deeb agreed?

A. Mr. Deeb. Fifty thousand gallons a month starting October 15, but, unfortunately, we ran into a paper work snag over in Scotland, and it turned out that we couldn't make the first delivery on October 15, so we agreed on November 15 and December 15 for two deliveries, whisky delivery. I'm talking about the paper work which would assign ownership of the whisky to Milbank.

The arrangement was that we would get the whisky for him directly from the distillery and that he would pay ten percent initially on a fifty-thousand-gallon purchase, and the remainder to be paid thirty days after the purchase order, which put him in a very good position where it didn't require a large capitalization to buy the

whisky. He bought it on a more or less margin basis, paid ten percent of it, and the remaining ninety percent after he had sold it. This was an arrangement that we had discussed carrying on currently through the following year.

And he made the two purchases and paid promptly. There was no problems with that. It was a good arrangement, and he expressed a desire to continue doing this, and then he told me that he had decided against it, that he was going to handle grain, but he was going to primarily concentrate on handling malts.

I don't know what arrangements he made for buying the malts. I had offered him a proposition on buying the malts from our brokers over in Scotland. He declined. He said he preferred to try and do this on his own, which I believe he did. He made some contacts there for buying his malt whisky.

As to where he was obtaining the remainder of his grain, I don't know, because the last order that we filled with him, final payment was made the middle of February of this year. And they didn't renegotiate a contract after that.

Q. Sir, to your knowledge, in the fall of 1972, did Mr. Deeb have any transactions with Milbank of New York?

A. I wouldn't know. I wouldn't have any way of knowing. It was bad enough when I was working for the company that I was kept in the dark, and certainly after I left the company I was told absolutely nothing.

Q. Mr. Taddonio, I believe you earlier stated that you had complete inventory control at The Scotch Exchange.

A. That's right.

Q. What do you mean by that, sir?

A. I negotiated with the brokers in Scotland and the distilleries --

MR. GOLUB: Excuse me. This is not The Scotch Exchange in the Bahamas?

MR. ORMSTEN: No, sir, it is not.

MR. GOLUB: You are talking about another entity called The Scotch Exchange?

MR. ORMSTEN: That's correct.

A. (continued) I negotiated with the brokers and the distilleries over there in Scotland, as to what quantities of whisky we could handle, what we would

take on consignment, and kept a running inventory of what we had been selling, what new needs we had, and ran a complete inventory of stock that we obtained and sold.

Q. For how long a period of time did you do this, that is, for how long a period were you working when you had this complete inventory?

A. From June when I started with them right up until the day I left in the end of April.

Q. Sir, did you deal with brokers in Scotland in connection with this work?

A. Yes, I did.

Q. With approximately how many?

A. Two in particular that we finally honed in on who we felt we would like doing business with. They offered us the best prices, not only for selling us the whisky, but they provided us with the most important thing I think in this business, is the after market, which is the buyback.

They would buy back the whisky from anybody who had whisky and had a reason to sell. They would give us bid prices which we would submit to our clients who wanted to sell; if they decided they wanted

to sell we would put them directly in touch with the broker and they would negotiate a sale.

Q. When you say it's a most important part of the business, will you explain that?

A. Yes. I found that in this business --

MR. GOLUB: I'm sorry.

A. (continued) Probably the most important thing that a client wants to know is, okay, when my whisky is mature or if I have some reason to sell it, who do I sell it to. Well, the answer you'll get from ninety-nine percent of the companies in this business is, I don't know..

Q. Sir, when you say that's a most important thing a client wants to know, is that your judgment in this matter, or do you know that from speaking with them?

A. This is a question that's been asked -- you can check with anybody that's in this business. They are not only interested in what the market is, if they want to sell, what are the current market , what are the buyback prices today.

Q. Sir, in that connection, you indicated that you honed in on two brokers who gave you what you said were the best prices. On what do you base your assessment

that they were the best prices? What was your information?

A. For one thing, we contacted the Bank of Scotland and asked them for the names of what they considered to be the most reputable brokers in Scotland, and they sent us a list of fifteen brokers.

In turn we wrote a letter to each one of these brokers -- when I say brokers I'm talking, these are big brokers, big brokerage houses. These are the people that really run the scotch industry.

We asked them to quote prices on a whole multitude of brands, and matured years, and they were all nice enough to send us all this information. We finally honed in on two of them. One of them we became an exclusive agent in the United States. That's Douglas Hamilton. We are the exclusive sales agents for the United States for Douglas Hamilton; and we also deal with Burn Stewart, and they are one of the biggest brokerage firms in scotch whisky in Scotland.

And they came over and visited us. They liked our operation. And we made arrangements with them by which they would not only supply us whisky but on a very short periodic basis supply us with the current

pricing, buyback pricing, on all the different brands that we were handling with the current price quotations.

And they also kept us advised as to what the market was, and what the predictions were for the future, based on what was doing. They kept us informed as to just about everything that was happening in the scotch market.

BY MR. ORMSTEN:

Q. Sir, are you currently associated with The Scotch Exchange?

A. No.

Q. What is the reason why you are no longer associated?

A. Shortly before I got sick Mr. Myers, who was President of the company, and I had a disagreement as to how the company should expand, and we both said a lot of things that we shouldn't have said. As a result I got a little hot under the collar, and I told him I was taking a vacation. And he said, Okay, you might as well make it permanent. I said, We will discuss that when I come back. Unfortunately, a few days later I ended up on my back.

But the current status of The Scotch Exchange is that they closed their doors voluntarily on October 1st. They do have their prospectus prepared and submitted to you --

Q. When you say you, you mean the Securities and Exchange Commission?

A. Yes.

Q. Sir, are you now physically able to come to New York and answer questions like you have been doing here?

A. I'm afraid not.

MR. ORMSTEN: Sir, neither Mr. Shore nor I have any further questions at this time.

Mr. Golub, do you have any questions?

MR. GOLUB: Yes, I just have one.

BY MR. GOLUB:

Q. Mr. Taddonio, I did ask you earlier if the Government was able to or we were able to provide transportation for you and put you up in New York that you would be able to testify, is that correct?

A. Well, this is naturally subject to the doctor's approval, too.

Q. But at the time when you indicated to me that if they would drive you up and put you up you could testify physically?

A. In my opinion, yes, but it would be entirely up to the doctor, if he felt it would be too much for me or what.

MR. GOLUB: Okay, I don't have anything else.

MR. ORMSTEN: We have nothing further.

Thank you very much, Mr. Taddonio.

(Thereupon, at 2:00 o'clock p. m. the testimony was concluded.)

I have read the foregoing transcript of my testimony and it is true and correct.

Florian Taddonio
Florian Taddonio

Reported by:

(Mrs.) Sarah T. Downs
Certified Shorthand Reporter

I N D E XE X H I B I T S

<u>NO.</u>	<u>DESCRIPTION</u>	<u>FOR ID.</u>	<u>IN EV.</u>
P-1	Seven-page yellow-covered booklet stating Scotch Whisky, An Intriguing New Way To Invest, top of pamphlet labeled Milbank Trading Corp. Connecticut, Inc.....	32	
P-2	Ten-page blue-covered booklet, with no writing on cover, first page stating: Scotch Whisky, An Intriguing New Way To Invest.....	32	
P-3	Two-page document labeled Milbank Program.....	32	

Defendants.

1

73 Civil 1264 (MAC)

COUNTY OF CHESTER

•

I, Sarah T. Downs, a Notary Public within and for the Commonwealth of Pennsylvania, do hereby certify that the foregoing deposition of Florian Taddonio was taken on behalf of the Plaintiff, at 509 Scott Lane, Wallingford, Pennsylvania; on Thursday, November 1, 1973, beginning at 11:30 o'clock a. m. and concluding at 2:00 o'clock p. m. on the same day; that the respective parties were represented by counsel during the taking of said deposition; that the witness was

Certificate - 2

by me duly sworn before the commencement of his testimony;
that it was stipulated by and between counsel for the
respective parties that the witness may sign the
transcript of his testimony before any Notary Public;
that the foregoing transcript is a true and correct
record of the witness's testimony; and that I am
not related to or employed by either of the parties or
their attorneys or agents, or interested directly or
indirectly in the matter in controversy, either as
counsel, attorney, agent, or otherwise.

IN TESTIMONY WHEREOF I have hereunto
set my hand and affixed my seal of office this
9th day of November, 1973.

Sarah T. Downs

(Mrs.) Sarah T. Downs
Notary Public
Berwyn, Chester County.

My Commission Expires December 4, 1975

*Jaddonia Sup. P-3 id
STD 11/1/73*

MILBANK PROGRAM

- o MINIMUM PURCHASE OF TEN BARRELS
 - @ \$2.60 PER GALLON = \$1,300
 - "NO ADDITIONAL CHARGES"
- o YOU RECEIVE:
 - oo ORIGINAL SALES ORDER
 - oo RECEIPT FOR NUMBER OF BARRELS, AMOUNT AND REGISTRATION NUMBERS OF EACH BARREL WITHIN TEN DAYS
 - oo COPY OF WAREHOUSE-KEEPER'S RECORDS WITHIN TEN DAYS
 - oo INSURANCE CERTIFICATES WITHIN 90 DAYS
 - oo MILBANK INSURES YOUR PURCHASE DURING THE 90 DAYS
 - oo TRANSFER CERTIFICATE ISSUED BY DISTILLERY, CONFIRMING REGISTRATION AND TRANSFER
 - oo PERIODIC INFORMATION ON SCOTCH MARKET
- o YOU WILL BE CONTACTED WHEN SCOTCH REACHES MATURITY
- o MILBANK WILL ASSIST IN THE SALE OR EXCHANGE
 - oo NO FEE
 - oo NO COMMISSION

MILBANK TRADING CO., OF CONN., INC.
175 GREENWICH AVENUE
GREENWICH, CONN. 06030
Tel: (203) 869-0767

- BY THE BARREL, AT "CURRENT PRICING SCHEDULE"
- PRICE REPRESENTS TOTAL INVESTMENT FOR MATURING PERIOD, AND INCLUDES:
 - ADMINISTRATION AND SALES COSTS, COMMUNICATIONS HANDLING AND COOPERAGE
 - WAREHOUSING FOR FOUR YEARS
 - INSURANCE (2 POLICIES FROM LLOYDS OF LONDON)
 - AGAINST FRAUD, ERROR OR OMISSION, AT 200% OF INVESTMENT ON PART OF WAREHOUSE-KEEPER
 - AGAINST PHYSICAL DAMAGE WHILE IN GOVERNMENT BONDED WAREHOUSE, AS FOLLOWS:
 - 110% - FIRST YEAR
 - 150% - SECOND YEAR
 - 200% - THIRD YEAR
 - 200% - FOURTH YEAR
- NO FEE OR COMMISSION ON FINAL SALE OF HOLDINGS

Laddonio dep. P-1 id
STD 11/1/73

Millbank Trading Co. Of Conn., Inc.

"Scotch Whisky on Board"



SCOTCH WHISKY

an intriguing, new way to invest

"Scotch Whisky is possible long term capital gains"

175 Greenwich Avenue, Greenwich, Conn. 06830 Tel. 203 862 0762

What is Scotch Whisky Investment?

Simply stated, investment in Scotch Whisky is the purchase of casks of Scotch Whisky in British Government Bonded warehouses in Scotland, holding the scotch until it matures, and then selling for capital gains. Mature scotch whisky always has been worth more than raw scotch at any given time. Therefore, Scotch Whisky Investments has proven to be quite attractive. The following pages attempt a full presentation of facts required by the cautious investor who may wish to profit by placing a part of his capital in Scotch Whisky investment.

Introduction:

Investment in Scotch Whisky as a commodity has provided large capital gains for American investors over the past 150 years. A letter in the files of the Warden Walker Worldwide Investment Company, from an elderly American investor in the state of Conn., says, in part: "As my father did before me, I have been investing in whisky for the past 50 years. My family and I have been buying new whisky almost every year for the past 100 years and selling it as it becomes mature. We have often made unbelievable profits and in bad years we never made less than 10 percent profits."

Fortune Magazine, reviewing this type of investment, reported: "Investing in Scotch means investing in liquor in casks in warehouses in Great Britain. Typically, the investor holds it over a period of years while the scotch ages and thereby becomes more valuable. The industry in Great Britain had always financed this operation by selling the green whisky to individuals with capital and then buying it back at higher prices when it is saleable in the United States."

Scotch Whisky as an Investment Commodity:

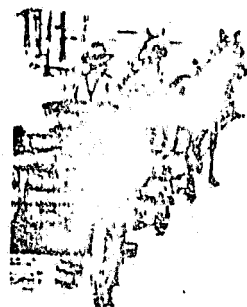
Investing in commodities for profit and for the preservation of capital against inflation and devaluation is, of course, a well established practise throughout the world. There is active trading in a great variety of goods from metals to frozen pork bellies. Trading in spirits is one of the oldest economic activities in America. Indeed, as the Wall Street Journal remarked, there are four companies in the liquor business today which started dealing in spirits while the United States was still the Thirteen Colonies.

For many generations, trading in spirits was conducted by relatively few professionals. However, in the past 20 years, the number of private individuals all over the world investing in Scotch Whisky has been increasing sharply every year. Now it may be said that there are owners of Scotch Whisky in every state in America and every country in the Free World. Mostly by word of mouth, individuals from Alaska to Zambia have come to expect capital gains by investing in Scotch Whisky, holding it as it ages, then selling.

Distinction Between Securities and Whisky Investment:

In investing in securities, generally one buys a share of a

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"Scotch Whisky in Bond"



corporation and relies on management ability. In investing in Scotch Whisky, one buys a commodity in the form of a specific quantity of Scotch (generally freshly distilled) casks which are stored under British Government supervision until such time as he chooses to sell.

The Economic Nature of Scotch Whisky Investment:

Under British law, Scotch Whisky must be aged in Government bonded warehouses for at least three years before it is allowed to be offered for consumption as Scotch. Under American law, no Scotch Whisky is allowed to enter the States unless it has been aged in British Bond for at least four years.

Scotch is distilled by 130 distilleries, each of whose product differs from all others in varying degrees. Virtually all bottled Scotch is a blend of "single" Whiskies (from as many as 40 distilleries) which are combined to produce the finished product. There are a great number of blenders and relatively few distillers. Some of the biggest blenders do not own a distillery and every blender which does own a distillery has to buy a "singles" from other sources in order to meet its blending needs. Thus, an enormous amount of trading takes place within the industry.

It should also be pointed out here that Scotch is distilled only "by programme" (that is to say, after it has been ordered). Thus, there is never any unsold Scotch on the market and no distiller ever has to "dump" his product. Furthermore, there is an old Scottish expression which says, "Although some may be better than others, there are no bad Scotch Whiskies". This means that all Scotch Whisky is useable, even if a batch may not be desirable by itself it will be valuable for blending into a beverage which will be desirable and sold at a profit.

Because Scotch must be aged, a tremendous amount of capital becomes tied up in inventory. This inventory is financed by a combination of the blender's funds and investment capital such as pension funds and private investment. By selling a part of their inventory to private investors, the blenders enjoy a three-fold advantage; they realize cash with which to carry out their routine business operations, they make a profit on their sale and they are able to avoid high interest charges.

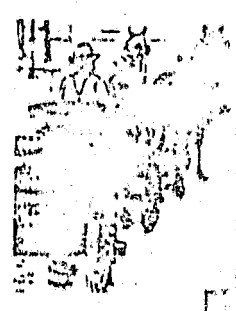
As it ages and matures in wooden casks in Government bonded warehouses, Scotch Whisky increases in value. Obviously, the closer it is to the day when it reaches the blending market, the greater its desirability and hence its inherent value.

This increase in value with age is the secret of the profits in Scotch Whisky investments. The value of four-year-old Scotch parcels has averaged more than twice that of these same parcels when new. Price relationships change, as in every other market, but the one unchangeable fact is that, at all times, a fully mature parcel is worth more than a younger one.

Worldwide Trends in Scotch Whisky Consumption:

Worldwide consumption of Scotch Whisky has increased every year

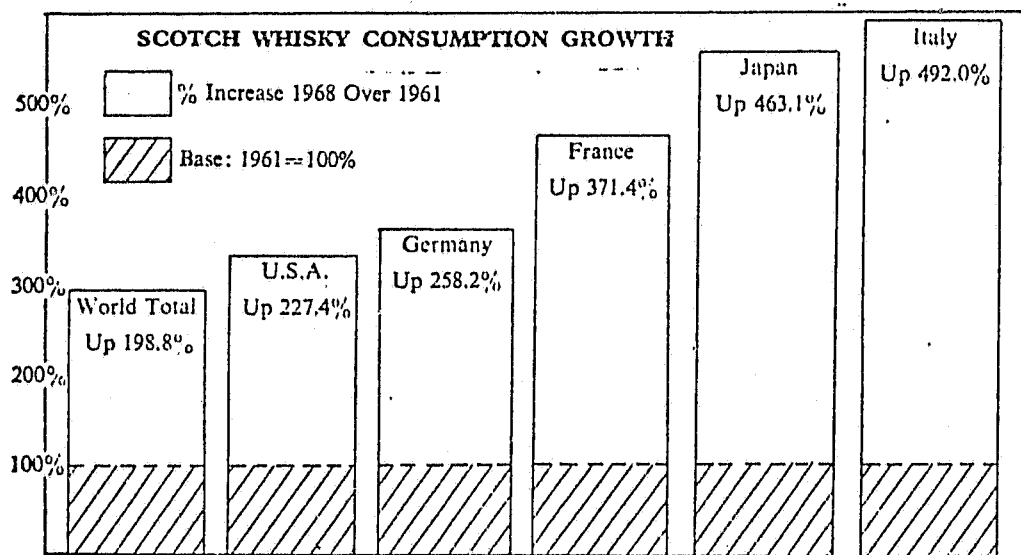
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without exception since production was resumed after the end of World War II. The rate of growth in sales of Scotch has astounded even the optimists.

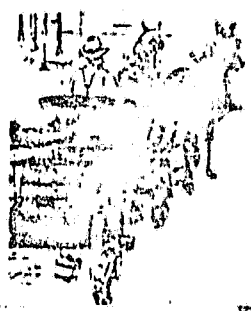
Scotch is sold virtually throughout the entire world. The American market (the largest market for Scotch Whisky) has been growing spectacularly both in volume of sales and as a percentage of the total spirits consumed. Just 20 years ago, Scotch was consumed only in a few major U.S. cities, but now Scotch is a household word through all the states and is growing faster than Bourbon and Rye or the American blends. This trend will continue, as the largest Bank in the world, the Bank of America, remarked in a special report on the Distilled Spirits Industry: "Total consumption in the next few years can be expected to continue on an upward trend as the 20 million children born during the war and early postwar period reach their majority. Per capita consumption will probably continue upward also, in line with a 7 year trend. This factor, coupled with the growing population is certain to expand total consumption." (See Distilled Spirits Review and Outlook published by Bank of America.)

All the major markets have been increasing, as a glance at the accompanying chart will reveal. But the most spectacularly encouraging trend is in the non-English world. This represents a broadening of the worldwide market for the product and gives it a healthy basis for further diversification and expansion.



There are many factors which indicate that worldwide consumption of Scotch will continue to increase. Rising world population, increasing disposable income, greater leisure, energetic salesmanship of the industry, the favorable attitude of the British Government towards dollar-earning exports and other factors are extremely encouraging to those who have invested in this billion-dollar industry.

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Production-Consumption Relationship:

While in 1965 the bulls were saying that worldwide consumption would double by 1973, the bears were saying that there was too much production. As a matter of fact, bearish opinions have been expressed in the trade for many years. Therefore, it may be appropriate here to mention certain basic facts regarding consumption and production:

- 1) Scotch production is at an all time high and so is consumption. However, today's production cannot be offered for consumption until it has aged for several years. (Blenders do not reveal the age and composition of their blends, but the general opinion in the industry is that the average age of all Scotches sold is about five years.) Therefore, today's consumption should be compared with the production of five years ago. Five years ago production seemed alarmingly high to the "bears" and yet history proved that they were wrong as the industry went on to break all previous sales records.
- 2) While production is at an all time high, it should be remembered that Scotch is distilled to meet the orders and requirements of cash customers, the blenders. The blenders pay hard cash to have distillers produce for them. If the J. & B.'s and the Cutty Sark's did not expect to break new sales records within the coming few years, they certainly would not be paying cash today to build greater inventories of raw whisky. A journey through Scotland or a reading of the trade journals reveals that all the major blenders are spending large sums of money to expand their blending and bottling capacities. Money talks, and what the Scotch money (the hardest of all hard money) is saying is that the future will be better than the past. Indeed, the Scotch Whisky Association, which embraces more than 90% of Scotland's distilling and blending capacity, sent a letter to all Members of Parliament stating that the industry has set itself a target of doubling world sales of Scotch by 1974. It is entirely possible that the coming cycle of demand for Scotch may well again find an acute shortage of aged Scotch and will therefore place owners of the commodity in a most favorable position.

Marketability and Availability of Price Quotations:

There is a market for Scotch Whisky of all ages, from 1-day old to 32-years old. The keenest market is for Scotch which meets the legal minimum age requirement for the largest market (America), that is to say the 4-year-old market. Therefore, from a profit point of view, one should invest in new Scotch with the objective of holding it for 48 months in order to derive maximum capital gains.

However, there is no established Whisky Exchange such as a Stock Exchange. The market more nearly resembles the American Over-the-

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"Scotch Whisky in Bond"

Counter Market. Concentrated in London and Glasgow, this market operates throughout the world by telephone, cable and air-mail. Price quotations for any Scotch Whisky are obtainable upon request from any of the numerous brokers.

The Two Types of Scotch Whisky:

Although there are 130 distilleries, there are only two different methods of distilling Scotch: the "pot still" which produces Malt Whisky and the "patent still" which produces Grain Whisky. The "pot still" method has been in use, unchanged for many hundreds of years, while the "patent still" method is less than 150 years old. While both use basically the same raw material, the structure of the still and the treatment of the barley, etc., produce two highly different types of Whisky. By itself, neither of these two is commercially acceptable to the world market, "Malt" being too heavy and "Grain" being too "light" for most consumers' tastes. Over 100 years ago, it was learned that blending mature Malt with mature Grain yielded a product which was highly acceptable to worldwide consumer taste. There are more than one thousand blends owned by blending companies and they all keep their formulas secret. But it is known by everyone that almost all blends contain both Malt and Grain.

Malt is more expensive to distill than Grain and consequently trades at higher prices than Grain. From an investment point of view, the markets in Malt and Grain run more or less parallel in the long run, although there are, of course, relatively short periods when one or the other shows a higher rate of return.

Documents of Ownership:

When you buy a Whisky Parcel, it is already in a Bonded Warehouse under Government Seal and is the property of the seller. Upon receiving your payment, the seller issues a "Delivery Order" to the Warehouse instructing the Warehouse, which is the only Government-licensed Registrar & Transfer Agent, to transfer ownership from him to you.

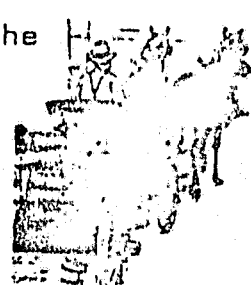
The "Delivery Order" is made out in your name and you endorse it and it is sent to the Warehouse Keeper. The Warehouse then has a copy of your signature and will honour only your signature when you choose to sell your investment.

Together with the "Delivery Order" you also receive "Specifications" a listing of the contents and of the unique markings on each Cask which identify your property according to the Books of the British Government Customs & Excise Control. After the Warehouse Keeper receives your "Delivery Order" endorsed by you, it issues a "Warrant" which certifies that it is holding your property for you under Government Seal.

Transferability and Negotiability:

Scotch Whisky is easy to buy and easy to sell. The document of title (i.e. Delivery Order) is in non-negotiable form for the protection of the purchaser. Whenever the investor sells, assigns, or transfers ownership, he, in effect, cancels his original document and initiates the issue of a new document to reflect the new owner. There is no fee for this transfer.

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"Scotch Whisky in Bond"



Taxes:

A non-British person is exempt from all taxes in Britain on profits from tradind in ScotchWhisky unless he has a home or does business in Britain. This has been established by law. An American only pays the U.S. capital gains taxon profits made in selling Scotch Whisky held over six months.

An American who increases his volume of holdings by exchanging aged Whisky for a greater amount of immature Whisky is not liable for tax free excganges of Real Estate. Taxes may, therefore, be deferred indefinitely and paid at ordinary income tax rates if lower than the capital gains tax rate. This can be of particular importance to individuals arranging their affairs for retirement or estate distributions,

Currency and Foreign Exchange Regulations:

All prices are quoted in Dollars equivalent to British Pounds at the official rate of exchange at the time of the transaction.

In connection with the 1967 devaluation of the Pound and the 1972 devaluation of the Dollar, it might well be pointed out that all modern countries have had occasion to devalue their currencies in response to changing economic conditions. However, investors have always been able to protect their capital by owning commodities which have basic intrinsic value such as gold, whisky, tin, soya beans, etc. History has proven that whenever a currency becomes worth more or less than previously, the market prices of commodities vary correspondingly to cancel out the effects of devaluation.

Insurance:

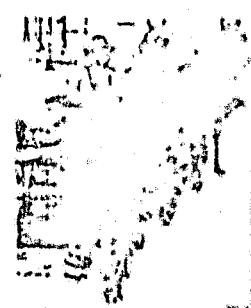
The British Government requires that all Scotch Whisky in Bonded Warehouses be protected by insurance, and the warehouses automatically insure the whisky the cost price against the common risks, such as lose by fire, flood, etc. However, since investors keep their whisky in bond for several years, and since the value increases as it gets older, investors insure their holdings against the expected increase in value. Lloyds of London issues a Policy called "Whisky All Risks Insurance" which is the most comprehensive policy available. Under this protection, if a loss were to occur in the first year of investment, Llloyds Of London would pay cost plus 10%; in the second year -- cost plus 50%; in the third and fourth years -- cost plus 100%. A second policy is available to protect the investor against fraud, error or omission on the part of the warehose keeper at 200% of the declared value.

Evaporation:

The process of ageing and maturing Scotch requires that the Whisky be stored in oak casks which permit the distillate to "exhale certain impurities inherent in distillation. As the exhalation takes place, Whisky evaporates at a declining rate (4% in the first year, 3% in the second, 2% in the third, and lesser rates thereafter). However, this evaporation is of no concern to the investor, since the unit of trade is the Original Proof (O.P.G.).

Milbank Trading Co. Of Conn. Inc.

"Scotch Whisky in Bond"



The investor who buys Original Proof Gallons will later sell Original Proof Gallons even though Original Proof Gallons represent approximately 10% less in volume after four years. Prices quoted are in O.P.G.'s to buy and O.P.G.'s to sell

Warehousing:

By British law, Scotch Whisky must be aged in Scotland for at least three years before it may be offered for consumption in Britain; under American law, it must be aged in Scotland for at least four years before sale in U.S.A. Therefore, when the new Whisky is filled into casks, the casks are certified and recorded by the Bonded Warehousekeeper and filed in the Record Book of H.M. Customs & Excise Control. These records, commonly called "Specifications" (or "Spessies" in the trade), certify the number of each cask, its contents by volume, its alcoholic strength by proof, and the total number of Original Proof Gallons in each cask. The Specifications also certify the date and place where said Whisky was distilled and the name and location of the warehouse wherein stored.

The Scotch warehouses are privately owned and are Bonded by the Government Customs & Excise Control. In Addition to being responsible for the Whisky and assuming liabilities for its safekeeping, the warehouse performs other functions under the terms of its license. For Example, the Warehousekeeper is the only licensed Transfer Agent and issues the Warehouse Warrant which signifies that legal ownership has been transferred whenever Whisky in Bond is sold.

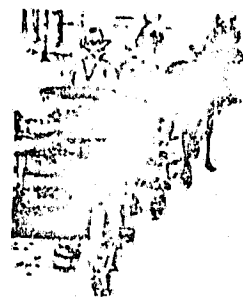
Wood Casks (or Cooperage):

The fillings (as immature Whisky is known in the Trade) are stored in wood casks wherein they mature. The casks are re-used repeatedly and the Whisky-owner does not actually own the wood but rather places a deposit on each cask and receives the deposit back when he sells the Whisky subsequently.

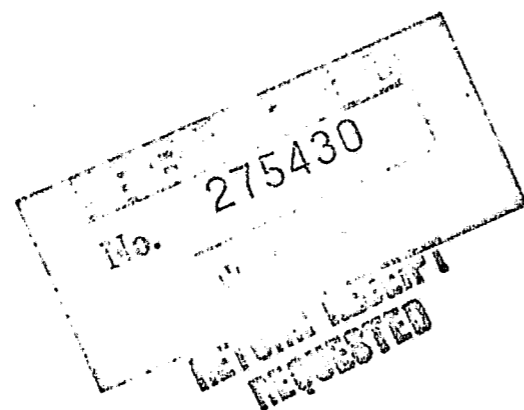
Original Proof Gallon: Definition:

The unit of trade is the Original Proof Gallon, (O.P.G.). One O.P.G. means that quantity of Scotch which, on the day it was distilled, equals one British Imperial Gallon (six-fifths of an American Gallon) of Whisky at British Proof strength (which equals approximately 114 Proof on the American Scale). Scotch is always distilled over proof and, after maturing, is reduced to the proof strength desired in each market.

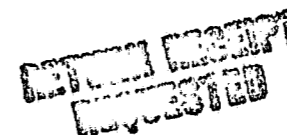
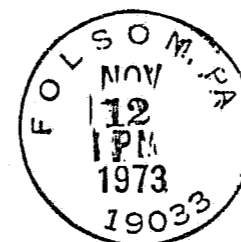
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"Scotch Whisky in Bond"



Joseph A. McCadden, M.D.
613 MORRIS LANE
WALLINGFORD, PENNSYLVANIA 19086



Mr. Steven Shore
Securities & Exchange Commission
26 Federal Plaza
New York, N.Y. 10007





trading co., inc.

May 26, 1970

Mr. Herbert Sorscher
146 E. 88th Street
Brooklyn, N.Y. 11236

Dear Herb:

I am sending you the enclosed article which I think you will find interesting.

Of even greater interest is the news that those of our clients who purchased 1966 Scotch Whisky, which has now reached four year maturity, are now being offered two barrels of 1970 Scotch for each barrel of 1966 they own.

This is indeed good news as compared to the general bad condition of the Stock Market currently.

I also want to remind you that if it was your original plan to purchase an amount of Scotch each year for four consecutive years, now would be the time to place your order.

I have a limited amount of 1969 Scotch which I can offer to you at this time along with March 1970 Scotch.

I am offering this whisky on a one for one basis, at a price of \$2.60 per gallon for both the 1969 as well as the 1970.

If you acquired some of each year, you would then have an amount of 1968, 69 & 70, and all you would have to do to complete your four year program is to make a purchase of an amount of 1971 next year.

I will contact you by telephone in the near future at which time you may inform me of your wishes.

Best Personal Regards,

Carl Walden
Carl Walden

cw/pg





trading co., inc.

October 14, 1969.

Mr. Herbert Sorscher
55 West 42nd St.
New York, New York

Dear Mr. Sorscher:

Due to the cutback in the production of SCOTCH WHISKY in 1968, it is now next to impossible to acquire 1968 Grain Scotch Whisky Fillings. The cutback, coupled with the projected increase in consumption by 1972, points to a severe shortage of Grain Whisky at that time, and anyone now holding this Scotch is in an enviable position.

As you know, earlier this year, you and several of your associates purchased several barrels of 1968 Grain Scotch. The purpose of this letter is to inform you that we would offer - \$2.75 per gallon - to you, or any of your associates who might wish to dispose of their holdings at this time. This would represent a profit of fifteen (15) cents per gallon above the \$2.60 purchase price.

Also, from reading our recent Market Report and Investment Bulletin, you are aware that a similar condition prevails as to supply and demand in regard to 1969 Grain Scotch.

Therefore, if you or any of your associates, plan on making additional purchases of 1969 Grain, let me urge you to please place your orders at the earliest possible date, while we still have 1969 Grain Scotch available.

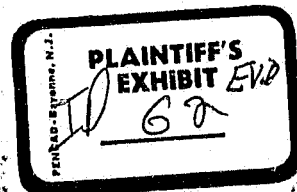
In December this year all production of 1969 Grain Scotch will come to a halt.

If you have any questions, please call me.

Cordially,
MILBANK TRADING CO., INC.

Carl Walden
Carl Walden
Investment Representative

CW/gp



MILBANK TRADING CO., INC. 214-26 41st Avenue, Bayside, N. Y. 11361 (212) 428-2655

MARGIN ON WHISKY PURCHASES

GRAIN

All Prices per Original Proof Gallon

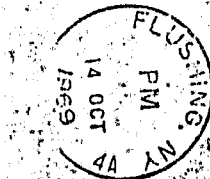
New Whisky in	Cost U.S. \$ average	4 year-old Whisky in	Sold U.S. \$ average	Margin U.S. \$	Percentage Cash Difference	Exchange Ratio For 1 gal. Mature	New
1951	2.65	1955	7.90	5.25	197%	2.97 gals.	
1952	2.80	1956	8.90	6.10	217%	3.17	" "
1953	3.50	1957	10.30	6.80	194%	2.94	" "
1954	2.35	1958	7.00	4.65	194%	2.94	" "
1955	2.65	1959	5.90	3.25	121%	2.21	" "
1956	3.50	1960	4.05	0.55	16%	1.16	" "
1957	2.95	1961	3.30	0.35	11%	1.11	" "
1958	2.10	1962	4.00	1.90	90%	1.90	" "
1959	1.60	1963	4.50	2.90	180%	2.80	" "
1960	1.45	1964	5.10	3.65	251%	3.51	" "
1961	1.55	1965	4.35	2.80	180%	2.80	" "
1962	1.90	1966	2.80	0.90	47%	1.47	" "
1963	2.05	1967	2.05	0.00	—		

ALL DOLLAR FIGURES CONVERTED AT THE RATE OF £1 STERLING = U.S. \$2.80

214-26 41st Avenue Bayside, New York 11361



Mr. Herbert Sorscher
55 West 42nd St.
New York, NY



MILBANK TRADING CO., INC.

214-26 41st AVENUE • BAYSIDE, N. Y. 11361 • 428-2655-6

MARKET REPORT

February 7th, 1969

After two unsuccessful trips, within the last two months, to Scotland to purchase any SCOTCH WHISKY, other than green, we can only report there were no sellers but only buyers for same.

It is acknowledged and predicted, and is the consensus of the Directors of every Distillery and Whisky Company that there will be a tremendous shortage of matured Whisky from 1970 onwards. This is due to the cut back in fillings these past two to three years. Consequently, those that are fortunate to have Whisky maturing in 1970 to 1974 should enjoy a valuable and rich harvest.

There is a tremendous shortage of matured Whisky, and we say unhesitantly, that those who buy Whisky now, and hold for four years, should make a splendid profit on maturity.

The outlook for SCOTCH is very healthy indeed. Furthermore, it is the most lucrative and progressive industry of the United Kingdom, representing 34% of the entire yield of Central Government taxation. Exports rise year after year as a result of increased consumption. In the United States alone 1968 was 40% plus, better than 1967; 39,986,000 gallons compared to 28,367,000 gallons.

When those countries which are presently short of convertible currency open up, there will not be a sufficient inventory of mature Whisky to supply them. This, of course, will send prices sky-high. This is the optimistic opinion that exists in the industry, and who predict a "bullish" market for the next several years.

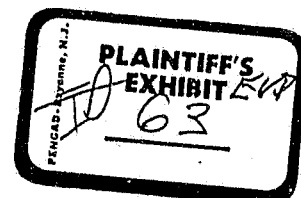
Many countries have unsuccessfully tried to make their own SCOTCH but none could duplicate the taste of real SCOTCH made from the clear water which comes from the hills and the mists. SCOTCH can only be made in Scotland, and therein is the romance that has defied anyone who has tried to imitate it.

No bad Whisky ever came out of Scotland.

Now is the time to buy and protect yourself with this splendid Capital Gain Investment, which can be "rolled", thereby postponing the tax indefinitely.

MILBANK TRADING CO., INC.

H.J. OCHS, PRES.



MILBANK TRADING CO., INC.

214-26 41ST AVENUE
BAYSIDE, N. Y. 11361GRAIN WHISKY INVESTMENT

Milbank Trading Co., Inc. offers only GRAIN SCOTCH WHISKY for sale to our clients. Although we can make Malt Whisky available, it is our opinion that an investment in malt, as opposed to grain, carries with it a higher degree of risk because of its very character.

(Wall Street Journal - August 3, 1964)

Speculative interest has centered on grain whisky rather than malt whiskies. Both types are blended into all blended Scotch. But since Grain Whiskies are less pronounced in taste than malt whiskies, blenders are said to be less fussy about the Grain whiskies they buy. This reduces for the speculator the chances the blender will reject his whisky. Besides, in recent years, especially in the U.S. market, (the largest of all), the trend has been toward lighter tasting Scotches, which use a relatively high proportion of Grain whiskies.

(New York Times - January 21, 1966)

Most of the purchases of Scotch Whisky warehouse receipts by large investors here are in the Grain Whisky type, the most basic variety, since it does not involve fickle customers' tastes.

(Ladies Home Journal - January 1968)

The rich, full bodied, highly aromatic malt whiskies are used less and less in present day Scotch - sometimes as little as 20% - the rest is very light and delicate Grain Scotch Whisky fillings.

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Grain Whiskies come from Scotland's Lowlands, and they're pretty much alike. Malt Whiskies come from the Highlands, certain parts of the Lowlands, the City of Campbeltown, and the Isle of Islay. No two batches ever taste alike, though certain areas produce certain characteristic whiskies. More and more the American palate favors light Scotches, which accounts for the popularity of 80 proof brands, and of such brands as J&B Rare and Cutty Sark, now the nation's two best selling Scotches.

Business Week, February 22, 1969 listed the seven leading brands of Scotch in the U.S. for the year 1968. Their combined sales totalled - 8,275,000 cases. The one thing they all had in common was the fact that they are all "light" Scotches.

It is our aim and interest to do whatever we can to insure our clients the best possible profit with the least amount of risk. Therefore, we recommend the purchase of GRAIN whisky rather than the volatile malt.

MILBANK TRADING CO., INC.

H.J. OCHS - PRES.



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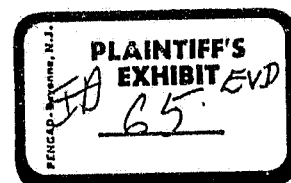
P R O C E D U R E

SCOTCH WHISKY INVESTMENT for CAPITAL GAIN at MATURITY

We sell this new, or green SCOTCH, at \$2.60 per proof gallon, or \$130.00 per barrel of 50 gallons (more or less and adjusted accordingly). The minimum purchase is ten (10) barrels, however, you can buy any amount in excess of that, providing it is available. Once the quantity of your investment is determined you are given:

1. A Receipt for the amount in question, showing the number of barrels it covers, and the name, or names, they are to be registered for and on behalf of.
2. A Confirmation showing the quantity purchased, the price, net amount, and the name of the Distiller.
3. We jointly sign a Delivery Order authorizing the Government Bonded Warehouse to take the specified barrel numbers out of our name and register them in yours. This also shows the Distiller's name, and the date of Bonding for verification. Thereafter these barrels can only be disturbed on your directive and when accompanied with an identifying signature such as you affixed on the original Delivery Order.
4. Within two to three weeks from the time the foregoing is received in Glasgow, a Lloyds of London All Risks Insurance Certificate is issued, showing you as the Insured. It will also state the name and address of the Government Bonded Warehouse, the number of barrels and their respective identifying numbers, the distiller's name, and the date of distillation. Also, the amount of your investment (declared value) and the period of time for which it is insured.
5. The Custom and Excise Department of Her Majesty's Government supplies a Certified True Recorded copy showing:
 - A. The total number of barrels
 - B. The Distiller's name and address, and date of Distillation
 - C. The individual barrel numbers and the proof gallonage in each
 - D. The name and address of the Government Bonded Warehouse where the barrels are stored
 - E. The name registered for and on behalf of

continued



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Page #2

Milbank handles the paper work and follow thru with all details and the necessary documentation.

TAXWISE the Investment is very attractive. There are no United Kingdom (British) taxes for Americans residing in the USA, and in the United States the profit is a Capital Gain whenever you take it. However, this tax can be deferred indefinitely by reinvesting the profit.

There is about 10% evaporation over the three year maturation period, but this does not effect the owner, as the Whisky is bought by blenders and bottlers at the end of three years on the basis of the proof gallonage at the time of bonding, which is what you bought and paid for.

As stated in our previous correspondence, the consumption of SCOTCH has more than doubled these past ten years, and the industry anticipates doubling the present figures within the next six years. In America alone, twenty million people born during the war and early post-war period will attain their majority during these six years and be introduced to the status drink and par excellence of SCOTCH.

The future can be anticipated from the record of the past, which for several years indicates the "doubling", more or less, of the investment over a three year period, since SCOTCH enhances in value day by day, as evidenced by the value Lloyds of London places on same, (cost plus 100% the third year); thereby making an investment very attractive to an astute investor.

We have met with a fine response to this unusual investment wherever it has been introduced, and would like to number you among our many customers.

MILBANK TRADING CO., INC.

Our banking reference is - The National Bank of North America, 528 Broadway, New York, N.Y. 10012.
Tel: 212-924-1100, and refer you to Mr. Louis Cardillo or Mrs. M. Wiener, who supervise our account.



September 9, 1969

Mr. Herbert Sorscher
146 E. 88th Street
Brooklyn, N.Y. 11236

Dear Herb:

I have sent the same information as contained herein to all those clients who purchased thier 1968 Scotch Whisky through you.

If you want me to also send them on of our new brochures, just let me know, and it will be done.

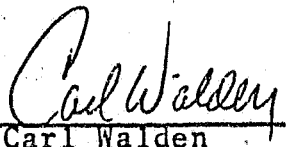
I thought you should know that your clients will be in possession of this latest Market Report, because the chances are that they will be in contact with you in the near future to make their purchase of 1969 Scotch Whisky.

I think you will agree that this report contains some reassuring information for everyone who purchased 1968 Grain Fillings, and also some very exciting news about the potential of 1969 Grain. It looks as if we can look forward to everyone loading up on 1969 Grain, at least as long as it lasts.

~~I will be in contact with you right after the Holidays and I'm looking forward to our meeting at that time.~~

I don't recall whether I sent you one of our new brochures, but just to be sure I will send you one. If you want me to send them out to all your clients, just let me know.

Scotchfully Yours,


Carl Walden





trading co., inc.

214-26 41st Avenue, Bayside, N. Y. 11361



trading co., inc.

SEPTEMBER 1969

SCOTCH WHISKY MARKET REPORTThe Supply and Demand Picture.

It is a well known fact that Supply and Demand controls the market for SCOTCH WHISKY, just as it does any other commodity. The purpose of this report is to inform you of current conditions which should be taken into consideration prior to making your purchase of 1969 Grain Scotch Whisky. As you will learn when reading this report, rare and unusual opportunities present themselves at this time. By providing our clients with the information contained herein, we hope to provide you with ample time to evaluate the total picture and take whatever action you feel is wisest to attain your Scotch Whisky Investment goals.

The Supply Picture

The following information appeared in the Sunday Times, published in London, May 16, 1969:

"Distillers have cut back their production of Raw Grain Scotch Whisky from 90 million gallons in 1966, to an estimated 46 million gallons in the current year. On preliminary predictions, it looks as if production of Malt, at up to 48 million gallons in the current year, may exceed Grain for the first time since World War II. This imbalance will show in 1972-73, and if consumption continues to rise, there is likely to be a shortage of Grain at that time".

Our Comments:

Not since World War II has such an opportunity for investment in Grain Scotch Whisky presented itself! Not only has the Supply of Whisky been lessened, but SCOTCH WHISKY Consumption reached an all time high in 1968. And so far in 1969 figures show continuing increases throughout the world.

The Demand Picture

The following information is based on official statistics as reported by the British Board of Trade:

Scotch Whisky exports have amounted, during the last calendar year, to 59.1 million proof gallons as against 43.1 million gallons in the previous year, which represents some 37% increase. These figures do not include U.K. consumption which amounted to a further 9.6 million proof gallons. Total world consumption for the year 1968 amounted to 68.7

MILBANK TRADING CO., INC. 214-26 41st Avenue, Bayside, N. Y. 11361 (212) 428-2655

million proof gallons.

Further:

From the Financial Scotsman, July 16, 1969:

"Exports of Scotch Whisky in May rose sharply by 32% in volume to 5,543,000 million gallons as compared with May last year when they totalled 4,197,000 gallons".

From the foregoing combination of factors, it seems that anyone now holding 1968-69 Grain Scotch Whisky Fillings is in a very good position, and their position should improve when their Whisky reaches four year old maturity in 1972-73, when, as predicted, stocks could become exhausted, and buyers could be scrambling to get their hands on mature stocks to meet their overseas export commitments.

Our stocks of 1968 Grain Whisky have long been depleted. However, Milbank has a supply of 1969 Grain Whisky Fillings available at this time, and if you plan to purchase any amount of 1969 Grain Scotch, I would suggest you do so as soon as possible.

Although it is our policy to give our established clients preference by providing them with pertinent information to help judge their best course of action, it is left to each individual to utilize the information and take the appropriate action. In the meantime we naturally continue to inform our new clients of the same information contained in this report, as we contact them. For this reason it is impossible to predict just how long our supply of 1969 Grain Whisky Fillings will last. It is certain, however, that December 1969 will mark the end of production of 1969 Scotch. Any Scotch Whisky produced after that then cannot be registered as 1969 distillation.

If you are among those fortunate investors who now hold 1968 Grain Scotch, and your investment plan calls for a similar investment each year for four consecutive years, I would suggest that you take advantage of the prevailing Supply and Demand Conditions and Increase your purchase of 1969 Grain.

Likewise, if you already hold an amount of 1969 Grain, it might be wise to Increase your holdings at this time.

If you do not own any 1969 Whisky yet, I would suggest strongly that you review your available cash situation, and place a sizeable amount in 1969 Grain Scotch Whisky now, while it is still available.

Very truly yours
MILBANK TRADING CO., INC.

Carl Walden

Carl Walden
Investment Representative

CW/pg



WHY GRAIN WHISKY INVESTMENT?

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(From The Wall Street Journal — August 3, 1964)

"Speculative interest has centered on grain whisky rather than malt whiskies. Both types are blended into all blended Scotch. But since Grain Whiskies are less pronounced in taste than malt whiskies, blenders are said to be less fussy about the Grain whiskies they buy. This reduces for the speculator the chances the blender will reject his whisky. Besides, in recent years, especially in the U. S. market, (the largest of all), the trend has been toward lighter tasting Scotches, which use a relatively high proportion of Grain whiskies."

(From The New York Times — January 21, 1966)

"Most of the purchases of Scotch Whisky warehouse receipts by large investors here are in the Grain Whisky type, the most basic variety, since it does not involve fickle customers' tastes."

(From The Ladies Home Journal — January 1968)

"The rich, full bodied, highly aromatic malt whiskies are used less and less in present day Scotch — sometimes as little as 20% — the rest is very light and delicate Grain Scotch Whisky fillings."

(From The National Observer — November 11, 1968)

"Grain Whiskies come from Scotland's Lowlands, and they're pretty much alike. Malt Whiskies come from the Highlands, certain parts of the Lowlands, the City of Campbeltown, and the Isle of Islay. No two batches ever taste alike, though certain areas produce certain characteristic whiskies. More and more the American palate favors light Scotches, which accounts for the popularity of 80 proof brands, and of such brands as J&B Rare and Cutty Sark, now the nation's two best selling Scotches."

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MILBANK TRADING CO., INC.

214-26 41ST AVENUE
BAYSIDE, N. Y. 11361
$$\begin{array}{r} 266 \\ 13 \overline{) 3438} \\ \underline{260} \\ 838 \\ \underline{780} \\ 580 \\ \underline{520} \\ 600 \end{array}$$
CURRENT PRICING SCHEDULEEffective - September 1st, 1969

Note: Current pricing is at \$2.60 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,300	150	\$19,500
20	2,600	200	26,000
30	3,900	250	32,500
40	5,200	300	39,000
50	6,500	400	52,000
60	7,800	500	65,000
75	9,750	750	97,500
100	13,000	1000	130,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

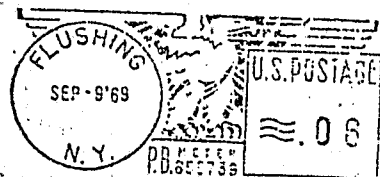
Per gallon price includes: cooperage, warehousing for three years, two Lloyds of London Insurance Certificates with premiums paid for three years, all handling costs, documentation and registration.

214-26 41st Avenue Bayside, New York 11361



trading co., inc.

Mr. Herbert Sorscher
146 E. 88th St.
Brooklyn, N.Y. 11236





trading co., inc.

SPECIAL OFFER

I have two of my clients who are faced with financial emergencies and must raise some cash quickly! They own some 1969 and some 1970 Scotch Whisky, and have expressed a wish to sell their holdings to raise the needed cash.

They originally paid \$2.60 per gallon and want to sell the 1969 Whisky at - 2.90 per gallon and the 1970 Whisky at - 2.80 per gallon.

I am offering this Whisky first to my existing clients on a FIRST COME - FIRST SERVED BASIS.

If interested, the procedure is as follows: you would, in effect, be purchasing this Whisky directly from the present owner, and your check would be made out in his favor. As far as I am concerned, there is no commission or fee charged for this service. We would handle the transfer of ownership from one person to the other, and would make certain that all the documentation is properly completed.

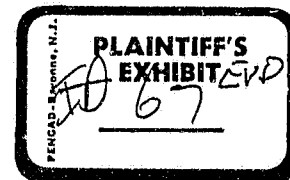
There are only a limited number of barrels available, therefore, under these circumstances, if you are interested, either contact me by telephone or by letter as soon as possible. I will be pleased to tell you what is available at that time, and explain the simple procedure to effect the transaction.

I look forward to hearing from you.

Kindest personal regards,

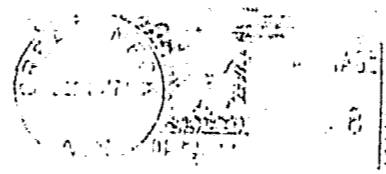

Carl Walden

cw/pg



MILBANK TRADING CO., INC.

310 NORTHERN BOULEVARD
GREAT NECK, N.Y. 11021



Mr. Herbert Sorscher
146 E. 88th St.
Brooklyn, NY 11236

SCOTCH WHISKY

NEWS FLASH



trading co., inc.

Early in October this year we recieved the following news bulletin from our contacts in Scotland:

SPECIAL NOTE

" Prices of newly distilled Parcels are expected to increase rather soon because of two catastrophies of nature which have just occured but have not yet been fully evaluated.

The basic raw material for Scotch Whisky is British and European barley and North American corn. By rare coincidence there was a barley crop failure in Europe this year and a severe loss of the American corn crop due to blight.

The U.S. Department of Agriculture is presently assessing the extent of the corn crop failure, just as the European Governments are assessing the barley crop losses.

The final figures will not be available until the end of the harvest season, perhaps by November. It is feared that these losses will cause the price of raw material to be increased sharply..Just how much is imponderable."

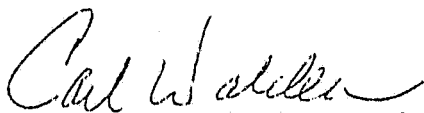
Nov. 4, 1970

This morning we were notified that the price of Raw Scotch Whisky has been raised TWENTY CENTS A GALLON !!!

We have not yet raised our selling price, however, when our present supply of 1970 Scotch has been depleted, our then selling price will be \$2.80 per gallon instead of our current price of \$2.60 a Gallon.

If you intend to make a purchase of 1970 Scotch, it would be wise to do so now, at the current price and while we still have a supply on hand.

We await your favorable reply.


Carl Walden, President



1A
£194 M EQUALS

US\$465,600,000.00

No. 25,367

6

Export News

Shopping week
June for

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and

BY GILES

A BRITISH company has won a £12m. contract for work on the late Zambia's Kariba Dam. The company is The Construction Kinnear Group, which has recently secured out orders worth about £24m. in Zambia.

The £12m. construction work on the second stage of the Kariba project, which is estimated to be costing about £20m. in all, will be carried out by the Mitchell Construction Company. It involves the construction of a large underground power station on the north bank of the Zambezi River, adjacent to the Kariba Dam, together with an intake structure, outfall structure and channel, a switching station, transformer compound, control and administrative buildings, to

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ONE SHILLING (5p)

Scotch sales hit new £194m. high

FINANCIAL TIMES REPORTER

SCOTCH whisky exports last year reached their highest ever peak, and at 62,010,000 proof gallons valued at £194,057,000 were 10 per cent. up in volume and almost 16 per cent. in value on the previous year.

Last year's shipments are almost treble the 1960 achievement, when 23,147,000 gallons priced at £85,581,000, were despatched abroad.

All of which underlines the fact that Scotch whisky is the world's most popular international drink, and that if other British industries were able to match the achievement of Scotch

whisky distillers there would be no balance of trade problem.

Blended Scotches make up the great bulk of last year's exports, amounting to 59,740,000 gallons valued at £180,268,000. No comparison of the previous year's blended Scotch exports is possible because of last year's re-cast of official figures as published.

Next in line were shipments of straight malt whiskies, which totalled 2,216,000 gallons, worth £4,721,000, for the year. To these can be added the 54,000 gallons of straight grain whisky, worth £68,000, shipped during the year.

Details of individual markets are not yet available.

Last December's exports of 5,073,000 gallons priced at £17,099,000 were only 23,100 gallons ahead of the previous December and 2 per cent ahead in value on the previous December's £16,676,000.

The December, 1970, shipments comprised 172,000 gallons of malt whisky worth £372,000; 3,549 gallons of grain whisky priced at £3,000, and 4,897,000 gallons of blended Scotch, valued at £16,724,000.

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MILBANK TRADING CO., INC.

310 NORTHERN BOULEVARD
GREAT NECK, N. Y. 11021

428-2655

Carl Walker

Mr. H. Sorscher

146 E. 88th St.

Bklyn., NY 11236



SCOTCH WHISKY

an intriguing, new way to invest for

an intriguing, new way to invest for

- **A Unique Product**
- **A Demand Commodity**
- **Tax Advantages**
- **Capital Gains**
- **Diversification**





Introduction to a new way of investing

Chivas Regal . . . Johnnie Walker . . .
Dewars . . . Haig & Haig . . . Cutty Sark
. . . J & B . . . Teachers . . . and many
others . . . everyone a respected name in
the art of the blending of SCOTCH Whisky.
Each is the magnificent result of years of
tender care . . . of gentle aging in huge
casks till just the peak of perfection at ma-
turity, then blended with other aged SCOTCH
Whiskys and made ready for the savouring
and enjoyment of the discriminating.
In that process is the simple basis for the
value of investment in SCOTCH Whisky!
For as that SCOTCH was maturing in age
— it was also growing steadily in value!

Behind this lies some interesting and little known facts

British law requires SCOTCH Whisky to be at least three years old before blending, and four years old for U. S. consumption. For years this aging operation was financed for the SCOTCH Whisky Industry in Great Britain by the distillers, the producers of SCOTCH in its raw state, selling their "green" whisky (or "new fillings") to financiers, who would resell to the Blenders, when it had matured to its desired age. The Blenders, who accomplished just what their name implies, blended various similarly aged SCOTCH to their own formulation, and made it ready for marketing to the consumer.

But changes were occurring . . .

Facing a drastic need to strengthen its economy, the Government of Great Britain suddenly and drastically applied a severe credit squeeze. This vitally affected financing programs, which caused a sizeable cut-back in the production of Raw SCOTCH Whisky fillings. Today interest rates have soared to as high as 15% per year. This condition forced the distillers to look elsewhere for necessary financing — at this point an opportunity was created for U. S. investors, who were ready, willing and able to provide financial help.

To understand why there has been a ready response to the call, it is necessary to understand some of . . .

The mechanics of investing in scotch whisky

SCOTCH Whisky investment is different than purchasing securities, or corporate shares. When an individual purchases such shares, he is actually taking an interest in that corporation. The success or failure of his interest then depends largely on the degree of competence exercised by the corporate management.

When an individual buys SCOTCH Whisky, he actually purchases a specific quantity of SCOTCH in casks, which are gauged with scrupulous accuracy under Her Majesty's Customs and Excise Supervision. These numbered casks are registered in the name of the owner, in the Distillery Records, then stored in Government Bonded Warehouses until the owner decides to sell his Whisky.

And he may sell anytime he desires!

There is a market for SCOTCH Whisky of all ages, from 1-day old to 32-years old. The keenest market is for SCOTCH which meets the legal minimum age requirement for the largest market (the U. S.), that is to say the 4-year old market. However, the law of Supply and Demand, and the judgment of the Buyer help determine the most favorable time to sell.

The blenders of mature Whisky keep their formulas secret, therefore they prefer to

deal individually and confidentially with their several suppliers.

There is no established Whisky Exchange such as a Stock Exchange. Concentrated in Glasgow, the Scotch Whisky market operates throughout the world by telephone, cable and airmail communications with Whisky Brokers.

Investment in scotch whisky can follow three plans . . .

Plan 1. It can be bought as one would buy a commodity future, held for appreciation for six months or longer, then sold for capital gain when market conditions are favorable.

Plan 2. Raw Whisky (fillings) can be bought each year for four years. At the end of the four year period, the first parcel is ready for blending. This now mature SCOTCH Whisky can be exchanged for new parcels of raw fillings in direct ratio to the then market prices of each. This, in a favorable market, may result in a substantial increase in that year's holdings without increasing the capital investment. Furthermore, a "Like Kind" exchange of property has been ruled to be tax-free so

that taxes can be deferred until the SCOTCH is sold. This is particularly worthwhile for the investor preparing for retirement, or one who is arranging long-term distribution of his holdings.

Plan 3. This is a variation of Plan 2. Raw fillings would be purchased for four consecutive years. At the end of the fourth year, however, the now mature SCOTCH Whisky—in an amount only equal to the monetary equivalent of the first year's investment would be exchanged for new raw fillings. The difference, which in a favorable market would represent the appreciated value of the SCOTCH Whisky would then be taken as a cash profit. This plan should offer an excellent method of realizing an annual cash profit, while leaving the original capital investment intact for additional growth.

But there's more . . .

There are considerable tax advantages, as well:

Whatever the investment plan—whether the SCOTCH is held for six months . . . four years . . . or more . . . no matter how high the present income of the investor—most of the appreciated value of the SCOTCH holdings can, in our opinion, be realized as actual profit in the form of long-term capital gain in a favorable market.

Like the appreciated value of corporate shares, there is no tax on the increases in value of the investment until it is actually liquidated. Unlike the stock market, however, there is neither a transfer tax, nor a brokerage fee, when it is finally sold.

And there's still more . . . for this has just shown the position under U. S. law for the U. S. investor . . . since these plans are for investment in Great Britain, unless the investor is a resident or in business there there is NO BRITISH TAX!

In addition, the U. S. Internal Revenue Service will not require an Interest Equalization Tax, since it doesn't apply to the purchase of immature SCOTCH.

Furthermore, All profits are returnable in American Dollars!

Illustration of an investment which doubled in 4 years based on an acquisition made in 1960

Cost of new grain fillings (1960—1,200 gals. at \$1.75)	\$2,100.00
Storage charges (at 4 to 7c a cask per week for 4 years (5.5c average x 208)	11.44
Insurance (General—2c per gal. per year (02 x 1200 x 4)	96.00
(Title—1.25% of the value of the whisky times 1.3 years for 4-year term charge (1.25 x \$2,100 x 1.3)	34.91
Cask costs (10 butts at \$24.00)	240.00
Total Cost of Purchase	\$2,482.35
Sale price of mature grain (1964—1,200 gals. at \$5.10)	\$6,120.00
Cask costs refund	240.00
Gross Sale Price	\$6,360.00
Net profits before tax	\$3,877.65
Less U. S. capital gains tax	959.41
4-year Profit on \$2,482 investment	2,918.24
Total Value of Investment in Scotch in Four Years (less Cask costs refunded)	\$5,150.59

Source—Doctors' Financial Planning—September 28, 1963

The security behind investment in scotch whisky is uniqueness and demand!

Behind the recent British devaluation of the pound was a determined effort to make British goods more attractive in price, and thus increase exports.

The SCOTCH Whisky Association, representing the industry's 127 distilleries, responded with equal determination, by raising prices. This—in effect—cancelled most of the 14.7% devaluation.

This action demonstrated the SCOTCH Industry's confidence in the mounting international demand for their product . . . and for a very interesting reason—SCOTCH Whisky is unique . . . and Scotland has a monopoly on it!

To understand its Uniqueness . . . It is Necessary to know . . .

Just what is scotch whisky?

The word "Whisky" implies its own value throughout history for it is a corruption of the Gaelic word "Usquaebach" which means —"Water of Life"!

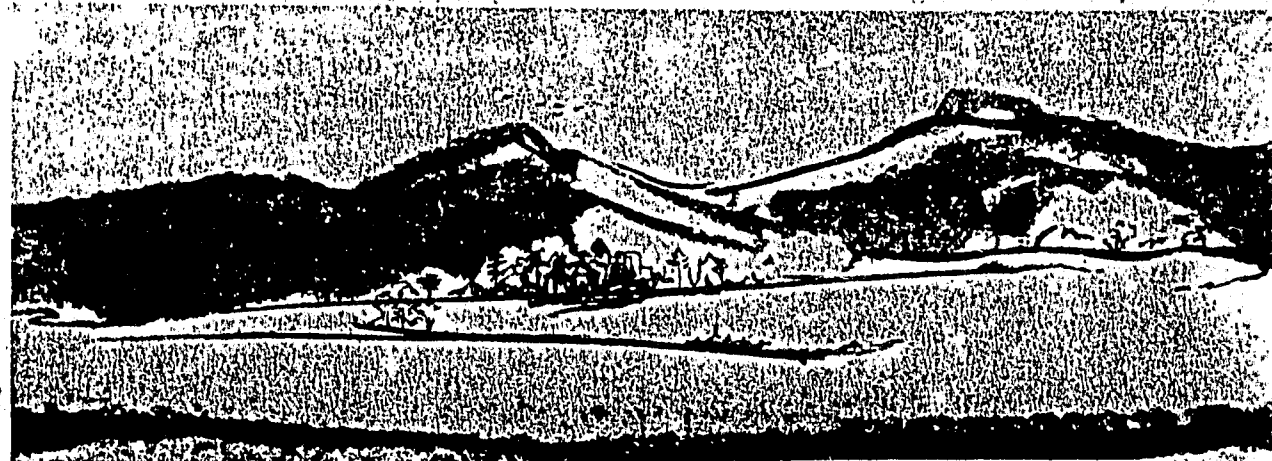
While it is first mentioned in 15th century documents, it is presumed that SCOTCH Whisky had been distilled for many years prior to that time.

The average bottle of SCOTCH when it reaches the consumer is a blend of two basic types of whisky. Between 30 and 40 per cent is malt, produced by the "pot still" method by 112 distilleries, each with its own flavor and quality, which provides the SCOTCH with its individual characteristics, (up to 60 different malts can go into one brand). The other 60 to 70 per cent is grain, a spirit bulk produced from maize and barley by 15 distilleries.

It is Scotland's pure air and cold climate, crystal springs, burn water, fine barley, fragrant peat fires and centuries-old traditions, skills and secrets that have successfully defied, throughout its over 500 year history, the many attempts in different parts of the world to imitate its highly individualistic and sought-after flavor.

Truly, SCOTCH Whisky can ONLY be made in Scotland. In it is a romance that has defied duplication . . . in it is an uniqueness that has created a "seller's market"!

Other British goods may have to contend with comparable items made elsewhere, but drinkers throughout the world demand, and can only obtain, SCOTCH WHISKY from SCOTLAND!



SCOTCH Whisky exports in 1968 increased an incredible 37% in volume and 44% in value over the previous year to total 59,155,000 proof gallons and \$423,722,400 in foreign earnings.

The U. S. Market took over half the total whisky exported, and shipments here were up 40% in volume and over 45% in value, which amounted to 33,254,000 gallons, valued at \$224,225,000. (Source — Financial Times, London — Jan. 29, 1969.)

No longer a status drink for the rich alone, SCOTCH has become the mass "In Drink" for all income and age groups, and is one of the fastest growing in the U. S. Liquor market.

The Economics Department of the Bank of America in their OUTLOOK of the Distilled Spirits Industry, in May 1968 stated . . .

OUTLOOK — the Distilled Spirits Industry
Economics Department — Bank of America
N.T. & S.A.

Consumption Will Increase

Per capita and total consumption of distilled spirits in the United States will continue the long-term uptrend through 1972 primarily because of a relative increase in population in the 25-44 age group and in income groups with earnings over \$5,000 per year, the two principal factors influencing consumption. Other factors in the social, economic, and political environment expected to contribute to the increasing rate of consumption are: a continued easing of legislative restrictions on sales, leading to a greater availability of liquor in some areas; an increase in the number of women consumers; aggressive industry promotional programs; an increasing acceptance of social drinking; and the continuing trend toward more leisure time. Distilled spirits consumption tends to increase with the average level of disposable income, and indicators point to significant increases in this important factor.

Increasing demand for lighter distilled spirits will also be reflected in the whisky market, with consumption of Canadian whisky and Scotch expected to increase more rapidly than the use of domestic blends and straight. Consumption of Scotch will continue to outpace Canadian whisky primarily because consumers consider Scotch a status liquor and because of an increasing availability of lower-priced brands made possible through bulk imports. About 55 million gallons of Scotch and some 36 million gallons of Canadian whisky are expected to be consumed in the U. S. in 1972, representing increases of about 50 per cent each from 1967.

Imports in Greater Demand

An increasing proportion of total United States liquor consumption will likely be of imported distilled spirits. By 1972, imports are expected to reach 100 million gallons, an increase of more than 50 per cent over the estimated 1967 level. An increasing amount of whisky will be imported in bulk form for bottling under "bulk" and private labels. Bulk whiskys are shipped in at 100 proof and then diluted to 80 proof for consumption. Savings on taxes and handling allows these imported whiskys to compete effectively against lower-priced domestic whisky.

There has been an increase in the consumption of SCOTCH, particularly in the U.S. every year since 1956 — (see Chart).

Table 2A
CONSUMPTION OF SCOTCH WHISKY —
UNITED STATES 1956-1972
(millions of wine gallons)¹

Year	SCOTCH
1956	13.6
1957	14.8
1958	16.2
1959	17.1
1960	18.5
1961	20.3
1962	22.3
1963	23.8
1964	26.5
1965	31.9
1966	32.1
1967 ²	36.4
1968 ³	39.5
1972 ³	54.4

¹Wine gallon is a physical measure of actual volume regardless of alcohol content.

²Estimate.

³Projection.

Source: Business Week, March 2, 1968



**And how they
demand it!**

**Let's look at the
present supply and
demand situation!**

Britain's economic conditions and resultant credit restrictions have caused hardship to the Distillers, who have traditionally needed to employ tremendous capital to finance inventories of maturing SCOTCH, over many years, before they could receive a return on their investment. The unexpected soaring interest rates, coupled with tightening of the available money supply, has made it necessary to look for financial backing elsewhere. However, in addition, it has prompted many Distillers to curtail their production schedule.

Projections are that 1969 production will be even lower than 1968's total. In face of continuing credit restrictions in Great Britain, it seems certain that 1970 SCOTCH Whisky production will be even lower than in 1969. It is acknowledged and predicted as the consensus of the leaders of the SCOTCH Industry that due to the curtailment of pro-

duction that has already taken place there will be a tremendous shortage of matured Whisky in the 1970's . . . and Whisky maturing during that period should enjoy a valuable and rich harvest!

. . . And all of this in face of greater worldwide demand for SCOTCH!

All Right . . . Just What Can You Do to Take Advantage of This Intriguing Opportunity?

That's where MILBANK TRADING COMPANY enters the picture

As specialists, trading only in SCOTCH Whisky, Milbank Trading Company has developed a simplified technique for cutting through the entangling snares of endless red-tape, eliminating confusing and complicated procedures. As a MILBANK client, you will be able to take full advantage of the opportunities afforded by investing in SCOTCH Whisky.

It is our aim and interest to do whatever we can to obtain for our clients the best possible profit with the least amount of risk. Therefore, we recommend the purchase of GRAIN whisky rather than the volatile malt. MILBANK sells Grain SCOTCH by the barrel. Each barrel contains approximately 50

gallons — gauged and charted exactly under Her Majesty's Customs and Excise Supervision. The price per gallon is at the published MILBANK "Current Pricing Schedule" in effect at the time of the transaction (the latest published Schedule is enclosed for your information).

The "per gallon" price represents a total investment for the maturing period . . . it includes all our administrative and sales costs, communications, handling and coo- perage. Warehousing for three years, as well as two Lloyds of London insurance certificates, one insuring the buyer against fraud, error or omission on the part of the Warehousekeeper, and the other against any physical damage while the Whisky is in the government bonded warehouse. The first is for twice the amount of the declared value (buyer's investment), and the latter at the declared value plus 10% the first year, plus 50% the second year and plus 100% the third year.

As a MILBANK client, you will receive:

1. A receipt for the determined amount detailing —
 - A. The number of barrels covered
 - B. The amount of the investment
 - C. The name (or names) to be:
"Registered For and On Behalf
Of"

2. We jointly sign a set of three Delivery Orders, which conveys Title to the Purchaser. One copy is filed at MILBANK Corporate Headquarters, one copy is returned to you as evidence of Ownership. The Original copy is forwarded to the Distiller's Warehousekeeper, where the actual Whisky has been stored under Government Bond (the Title will show the Distiller's name and date of Bond). The Delivery Order authorizes the Warehousekeeper to register the specified barrels in the proper names with the Customs and Excise Department of Her Majesty's Government. Thereafter, those particular barrels can be moved only on your directive, accompanied by an identifying signature to match the original Delivery Order.
3. Within a week to ten days from the initiation of your program, the certificate of title, (Delivery Order), is returned to you, giving you full ownership. You will also receive a "Copy of the Warehousekeeper's Records, which corresponds with the records at the British Customer Service," which lists the individual barrel numbers, their respective contents, and total gallonage.
4. Within approximately ninety days of the receipt of the Original Delivery Order in Glasgow, you will receive two Lloyds of London insurance certificates; one cov-

ering fraud on the part of the Warehousekeeper and a second one covering any physical damage while the Whisky is in the Government Bonded Warehouse, both documenting the name of the registered owner of the holdings as "The Insured." These Certificates state the name and address of the Government Bonded Warehouse, the number and identification of the designated barrels, the date of distillation, the name of the Distiller, the amount of the original investment (Declared Value), and stating the period for which it is insured, (three years).

In addition, you will receive a Transfer Certificate — issued by the Distillery, showing the date of distillation, the barrel numbers, the name and location of the Warehouse where the SCOTCH is now maturing. This Certificate is confirmation that proper registration and transference of the designated parcel has been completed.

All of this represent complete documentation, and full protection on the transaction.

All of the paper-work, administrative procedure, necessary documentation, communication and delivery is handled by MILBANK TRADING COMPANY, at no additional charge above the agreed upon purchase price.

Thereafter, as a MILBANK client — you will be periodically informed about pertinent information pertaining to the SCOTCH Whisky market.

You will also be contacted at the time your SCOTCH Whisky has reached maturity. Whichever Investment Plan you choose for your holdings, MILBANK will handle the sale or exchange — with no broker's fee or commission.

How does milbank profit by this . . .

MILBANK'S main interest in acting for the client at the time of maturity of his holdings is to help obtain the best price, and, consequently, the highest profit percentage possible for the client.

By so doing—MILBANK fully expects to sell more and more SCOTCH in larger and larger amounts.

When you benefit—we benefit
When we benefit—you benefit
from this highly unique, intriguing new way
to invest.

SCOTCH WHISKY

For any additional information, references
or clarification consult—

MILBANK TRADING CO., INC.

or

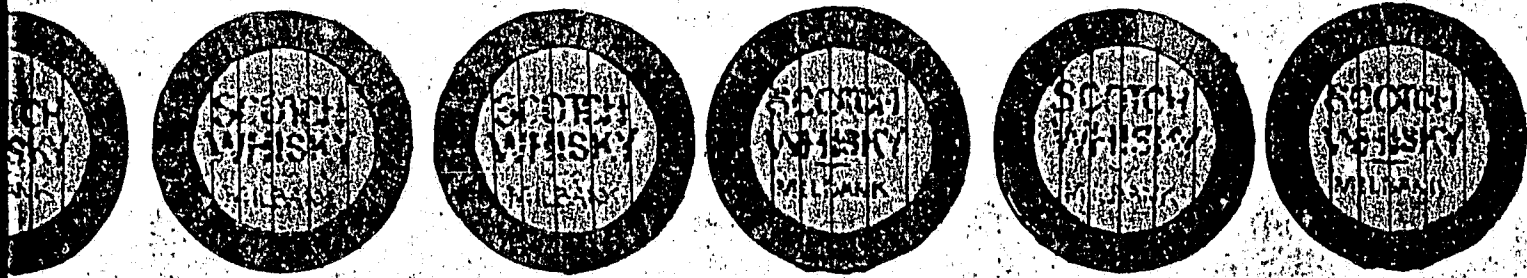
For Priority Attention—CALL NOW!

(212) 428-2655

**MILBANK
TRADING CO., INC.**

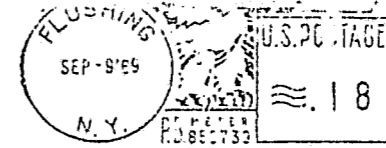
214-26 41st Avenue Bayside, New York 11361





MILBANK TRADING COMPANY INC.

214-26 41st Avenue, Bayside, N. Y. 11361



**SCOTCH
WHISKY
MILBANK**

Mr. Herbert Sorscher
146 E. 88th St.
Brooklyn, N.Y. 11236

SCOTCH WHISKY MARKET REPORT

SEPTEMBER 1969



THE SUPPLY and DEMAND PICTURE

It is a well known fact that Supply and Demand controls the Market for SCOTCH WHISKY, just as it does any other commodity. The purpose of this report is to inform you of current conditions which should be taken into consideration prior to making your purchase of 1969 GRAIN SCOTCH WHISKY FILLINGS.

THE DEMAND SITUATION

According to official statistics as reported by the British Board of Trade:

Scotch Whisky exports have amounted, during the last calendar year, to 59.1 million proof gallons as against 43.1 million gallons in the previous year, which represents some 37% increase. These figures do not include U.K. consumption which amounted to a further 9.6 million proof gallons. Total World Consumption was 68.7 million proof gallons for the year 1968.

FURTHER:

From the FINANCIAL SCOTSMAN, July 16, 1969:

"Exports of SCOTCH WHISKY in May rose sharply by 32% in volume to 5,543,000 gallons as compared with May last year when they totalled 4,197,000 gallons".

THE SUPPLY SITUATION

According to THE SUNDAY TIMES, published in London, May 16, 1969:

"Distillers have cut back their production of Raw Grain Scotch Whisky from 90 million gallons in 1966, to an estimated 46 million gallons in the current year. On preliminary estimates, it looks as if production of Malt, as up to 48 million gallons in the current year, may exceed Grain for the first time since World War II. This imbalance will show in 1972-73, and if consumption continues to rise, there is likely to be a shortage of GRAIN at that time".

MILBANK TRADING CO., INC.214-26 41ST AVENUE
BAYSIDE, N. Y. 11361CURRENT PRICING SCHEDULEEffective - September 1st, 1969

Note: Current pricing is at \$2.60 per Original Proof Gallons. All barrels contain approximately 50 gallons.

<u>NUMBER OF BARRELS</u>	<u>PRICE</u>	<u>NUMBER OF BARRELS</u>	<u>PRICE</u>
10	\$1,300	150	\$19,500
20	2,600	200	26,000
30	3,900	250	32,500
40	5,200	300	39,000
50	6,500	400	52,000
60	7,800	500	65,000
75	9,750	750	97,500
100	13,000	1000	130,000

Special Note:

This schedule is Subject to Change Without Notice, and Subject to Availability.

Per gallon price includes: cooperage, warehousing for three years, two Lloyds of London Insurance Certificates with premiums paid for three years, all handling costs, documentation and registration.

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Business and Finance

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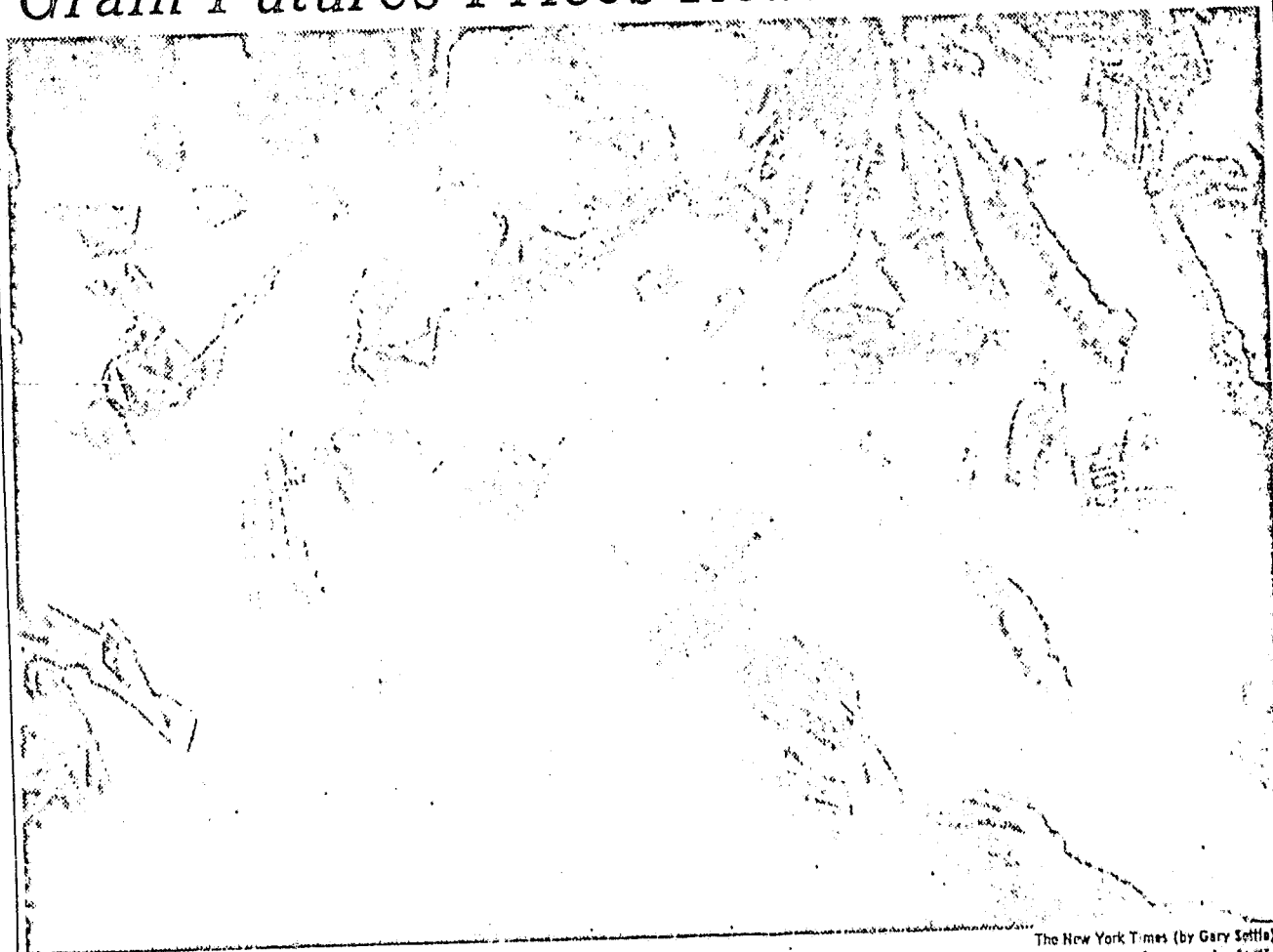
Thurs., Aug. 6, 1970

British Sell More Scotch

LONDON — (AP) — Britain sold 12 per cent more Scotch whisky to the U.S. in the first half of this year compared to 1969, exporters have reported.

U.S. drinkers consumed 21.9 million gallons up to July 1 compared to 19.5 million gallons last year.

Grain Futures Prices Reach Limit Highs



The New York Times (by Gary Settle)

Threat of shortage of corn sent price of futures to limit on Chicago Board of Trade yesterday, causing a halt in trading. Enthusiasm was transferred to other grain contracts. This scene is typical of such hectic sessions.

By WILLIAM D. SMITH

It was a day to remember yesterday on the Chicago Board of Trade as all grain futures rose to limit highs, propelled by the threat of a serious blight to the nation's corn crop.

"I've never seen anything like it in my 42 years in the business," Charles Matthey of Bache & Co. commented. "Everything took off, not just one grain or the other, as usually happens."

The Board of Trade officially concurred, saying that nothing on its records showed a comparable across-the-board advance, "including the announcement of the Marshall Plan or the invasion of Poland."

Volume, however, was not high because as each grain hit the limit, no more trading could be done. There were reports that at the close of the day, there were unsatisfied bids for corn covering

more than 50 million bushels.

The upward pressure on grains was also reflected in the livestock markets.

Long before the opening bell on the Board of Trade dealers swarmed over the corn pit trying to place purchase orders. At the opening the commodity shot up the daily limit of eight cents a bushel.

Oats futures prices also soared their prescribed limit of six cents at the opening.

Traders switched their interest to wheat, which soon reached its 10-cent limit. Soybeans, soybean oil and soybean meal were quick to follow the upward trend, although limit highs were not reached or maintained in all trading months.

On the Chicago Mercantile Exchange live beef cattle contracts and frozen pork bellies

Continued on Page 49 Column 4

LIMITS REACHED. IN GRAIN FUTURES

Continued From Page 47

made sharp advances. Grain prices have been advancing for about three weeks on indications that a fungus known as Southern Leaf Blight was effecting the estimated 4.7 billion bushel national corn crop.

Over the weekend news stories reported that the blight had spread into the Midwest and a group of scientists said it could

destroy 50 per cent or more of the nation's crop.

The demand for grain futures was based on the domino theory. If corn becomes scarce as a food and feed grain, the use of oats would increase.

Wheat also would be fed to livestock and poultry in increasing amounts. More soybeans would need to be crushed and the meal used as an additive for feed.

The record level of the nation's livestock population puts additional pressure on the grain supply. The recent hot, dry spell in the Middle West is thought to be conducive to the spread of the blight and is an added psychological impetus to buying.

After the close of trading, the directors of the Board of Trade raised trading margins on all grain and live-stock contracts.

Commodities

Grains, Soybeans
Rise Daily Limit
On Corn BlightCommodity Futures Index Up
To Highest Since 1967 in
Sharpest Gain Since 1951

Livestock Contracts Surge

Corn led a broad upswing in grain and soybean futures on the Chicago Board of Trade yesterday amid growing fears that a leaf blight, reported to be spreading in the Midwestern corn belt, might extensively damage the nation's corn crop.

The Dow Jones commodity futures index rose 2.99 to 115.27, its highest level since Dec. 8, 1967, and the sharpest one-day gain since Jan. 8, 1951. The advances, moreover, were almost across the board. Grain exchange officials estimated this was the first time in more than 15 years that so many trading months had jumped to the top of the daily limit on the opening call. Some couldn't remember when they'd last seen such a concentrated buying rush.

All deliveries of corn rose the daily trading limit, eight cents a bushel; all deliveries of wheat and soybeans soared their permitted limit of 10 cents a bushel. (Futures contracts are purchased for future delivery in a specified month.) Oats rose their limit, six cents a bushel.

Late yesterday afternoon directors of the Board of Trade at a special meeting increased margin requirements on a wide variety of commodities in view of the "market pressures." Initial margin is the amount of cash a customer must have in his account when he places an order to buy or sell a futures contract. The increased margins ranged from five to seven cents a bushel in the initial margins for wheat, corn, oats and soybeans and \$100 per contract in soybean meal, choice steers, feed broilers and for all soybean oil contracts except those traded for August 1970 delivery. Maintenance and hedging and spreading margins were also increased.

Edward C. Wilson, Board of Trade chairman, said, "We will continue to watch the market carefully and will make further changes if necessary." All margin increases are effective immediately, he said.

Offerings of corn and oats, even at the top of the limit increase for the day, were in short supply. At the close of trading, brokers estimated that buy orders for about 40 million bushels of corn—the largest amount in several years—were left unfilled. They said if that many buy orders were still on hand when the market opened today another strong advance could be expected.

But wheat and soybeans as well as soybean products, such as oil and meal, periodically fell away from their ceiling prices during the day's trading, allowing for an active exchange between buyers and sellers. At the close, however, these products also bumped the maximum permissible price for the day.

Although only corn was directly affected by the blight, traders noted that other grain products could act as substitutes for some corn uses. Hence if corn is in short supply, it could mean substantially higher demand and prices for other available grains.

In yesterday's trading, prices for all deliveries of wheat, corn, oats, all soybean meal except nearby August and July soybeans sold at record prices for this season. All wheat con-

tracts at Kansas City and Minneapolis also sold at the season's high.

Most of the advances have come recently. In yesterday's trading, oats closed up six cents a bushel, which made the increase 12.5 cents a bushel since Aug. 7. Soybeans were up 10 cents on the day, or 14½ cents since Aug. 7. Wheat rose 10 cents a bushel, up 19¾ cents since Aug. 7, and soybeans closed up 10 cents, making their increase since Aug. 7, 14½ cents a bushel.

Damage Estimates Vary

Estimates of how much damage the blight might cause varied widely. One group of scientists and seed producers meeting at the University of Georgia estimated the disease could destroy as much as 50% of the 1970 corn crop. But an Agriculture Department spokesman said the blight might ruin only about 10% of the crop.

Both sources said the seriousness of the disease's impact would be hard to tell until the crop was harvested. The Agriculture Department analyst said the next 10 days to two weeks might be critical since dry, cool weather could retard the spread of the disease.

In Washington, meanwhile, Agriculture Department officials plan a meeting today of top experts to assess the problem and what might be done about it.

The fungus was first spotted in June of this year in some southern states. It then spread north to corn crops. According to the Agriculture Department the best deterrent to the blight would have been to use hybrid varieties of corn immune to the disease. That alternative, of course, is too late for this year's planted crop.

Thus far the biggest damage seems to be in the South, where warm, humid weather encourages the blight's growth. The fungus has been found as far north as Wisconsin, but its effects are still unknown in Illinois, Iowa and Indiana, the heart of the corn belt.

Southern Illinois Hit by Blight

"As far as I am concerned, Southern corn leaf blight is a potentially serious threat," says Mal Shurtleff, a plant pathologist in the Agricultural College at the University of Illinois in Urbana. "How far and how fast the infection will go is a big question." He estimates that about 80% of the cornfields he visited on a trip to southern Illinois last week showed signs of the blight.

University and commercial "field walkers" have spotted very little actual damage yet, however, according to William Froom, president of I. H. French & Co., a grain and feed merchandiser in Champaign, Ill.

Corn and its blight problems had wide repercussions on several other commodities. Corn is primarily used for livestock feeding. Traders figured that if corn prices soared, low-grade wheats and oats would be in greater demand for feed. Soybean meal would be another gainer.

Livestock futures soared. Here again, traders felt that prices for live animals would be boosted by higher feed costs. The same reasoning spurred heavy demand for hog, pork belly and egg futures. Some trading months in this group rose their daily limits, amounting to 1½ cents a pound, or \$1.50 a 100 pounds, for hogs and pork bellies, and one cent for cattle.

However, cash prices for most of these products were mixed, as they reflected current demand-and-supply conditions.

Hog Deliveries Rise

Hog receipts at the 11 major terminals totaled 45,400 head, slightly more than a week ago and about 7% ahead of a year earlier. The supply was ample and prices were steady to 25 cents a 100 pounds lower.

In Chicago wholesale pork bellies closed unchanged to one cent a pound lower, but hams were a little firmer.

Packer demand for live cattle in Chicago advanced prices as much as 25 cents a 100 pounds. But at some other markets buying lagged and prices were steady to easy.

Metal futures were generally firm. Traders cited technical factors as the main reason for buying. These markets had been under recent pressure, influenced by weakness in the securities market and a slowdown in demand for cash metals.

Silver futures closed 1½ cents to 2 cents an

Markets at a Glance

COMMODITY INDEXES

Dow Jones Futures—145.27, up 2.93; last year, 139.71.

Dow Jones Spot—149.60, up 2.90; last year, 143.51.

Reuters' United Kingdom—554.8, up 0.3; last year 532.9.

FUTURES PRICES

Higher: New York copper, silver, cocoa, sugar, platinum and potatoes. Chicago wheat, corn, oats, soybeans, soybean oil, soybean meal, frozen pork bellies, cattle, eggs, hogs, feed broilers and Idaho potatoes. Kansas City and Minneapolis wheat, Winnipeg oats, rye and flaxseed.

Irregular: New York frozen orange juice concentrate.

Lower: New York cotton, Chicago plywood, ounce higher in New York. London bullion dealers raised silver prices three cents an ounce.

Copper futures finished as much as ½ cent a pound higher.

Dealers in New York left refined copper quotations unchanged, with September delivery at 58½ cents a pound. Scrap copper was unchanged.

In London, copper for spot delivery ended at 57½ cents a pound, up ¾ cent, and for forward delivery the quota was 59 cents, up ¼ cent.

Platinum futures ended \$2 to \$3.50 an ounce higher. Palladium was inactive.

Maine potato futures closed 15 cents to 23 cents a 100 pounds higher. All contracts were at season highs. Demand for contracts was spurred by reports of hot dry weather over large areas of the Midwest fall producing states. These conditions pose a damage threat to the new crop, traders said.

All trading months in cocoa futures rose the limit of one cent a pound. Pessimistic reports on the next Brazilian cocoa crop, damaged by excessive rain, sparked buying of futures.

The Netherlands reported grindings (consumption) of cocoa beans in July were about 22% above those a year ago. Grindings for the first seven months of 1970 were approximately 3% ahead of 1969. This report also encouraged buying of futures.

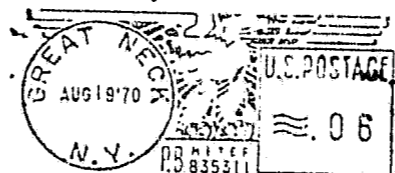
The particular concern about the Brazilian crop stems from the fact that Brazil is the third largest producer of cocoa, exceeded only by Ghana and Nigeria.

MILBANK TRADING CO., INC.

310 NORTHERN BOULEVARD
GREAT NECK, N.Y. 11021



Herbert Sorscher
146 E. 88th St.
Brooklyn, N.Y. 11236



June 15, 1970

Mr. Stanley Vogel
530 "D" Grand St.
New York, NY 10002

Dear Mr. Vogel:

Thank you for your order given to our Mr. Walden.

Enclosed please find the following documents:

Confirmation showing balance due - \$2532.92
Specifications of individual barrels
Delivery Orders #2098 and #2099

The six Delivery Order forms should be signed by both Stanley and Marian where marked "new owners".

Retain the copy of the delivery orders with Seal, and return to us both ORIGINALS and both copies without the seal, together with your remittance in the amount of \$2532.92. The copy of Delivery Order #2098 and #2099 with the Seal is for your files.

As soon as the remaining documents are received from Scotland same will be forwarded to you.

Again, thank you, and we are pleased to include your name to our ever growing list of clients.

Very truly yours,

P. Galloto

cc-Mr. Walden
H. Sorscher ✓



May 19, 1969

Mr. Norman Friedman
1831 Grand Concourse
Bronx, NY

Dear Mr. Friedman:

Enclosed please find the Title and a photocopy of the Specifications for each individual barrel of SCOTCH WHISKY, which has been transferred from our stock, and is now registered in your name. Also our check in the amount of \$8.84, covering the 3.4 gallons short. The remaining Documentation will be forwarded to you just as soon as received from Scotland.

I have also taken the liberty of enclosing some additional information about SCOTCH WHISKY, which I am certain you will find interesting and enlightening.

It is our policy to keep you informed with any information regarding market trends, etc., which is pertinent to SCOTCH WHISKY. We will also remind you when your parcel of SCOTCH has reached maturity, and give you an opinion and advice as to disposition of your mature SCOTCH. When you wish to dispose of your parcel of SCOTCH, we will act as your agent and effect whatever disposition you wish. There will be no commission or broker's fee for this service.

I want to thank you for your order and inform you that anytime you have any questions, or I can be of service to you in any way, you have only to call me, or drop me a note, and I will be pleased to comply.

Very truly yours,
MILBANK TRADING CO., INC.

Carl Walden
Investment Representative

CW/pg

cc-Mr. Sorscher ✓

April 7, 1969

Mr. Seymour Sorscher
1209 East 7th St.
Brooklyn, N.Y.

Dear Mr. Sorscher:

C
O
P
Y
Enclosed please find the Title and a photocopy of the specifications for each individual barrel of SCOTCH WHISKY, which has been transferred from our stock, and is now registered in your name. Also our check, in the amount of \$4.16, covering the 1.6 gallons short.

I have also taken the liberty of enclosing some additional information about SCOTCH WHISKY, which I am certain you will find interesting and enlightening.

It is our policy to keep you informed with any information regarding market trends, etc., which is pertinent to SCOTCH WHISKY. We will also remind you when your parcel of SCOTCH has reached maturity, and give you an opinion and advice as to disposition of your mature SCOTCH. When you wish to dispose of your parcel of SCOTCH, we will act as your agent and effect whatever disposition you wish. There will be no commission or broker's fee for this service.

I want to thank you for your order and inform you that anytime you have any questions, or I can be of service to you in any way, you have only to call me, or drop me a note, and I will be pleased to comply.

Very truly yours,
MILBANK TRADING CO., INC.

Carl Walden
Investment Representative

CW/pg

cc-Mr. Sorscher

MILBANK TRADING CO., INC.

214-26 41ST AVENUE
BAYSIDE, N. Y. 11361

*Approved for
920-1100
Credit - 1/100
1967*

March 31, 1969

Mr. Herbert Sorscher
55 West 42nd St.
New York, N.Y. 10036

Dear Herb:

I am enclosing photocopies of the Titles, documents, etc., which have been sent to our new clients. They are for your files.

Also attached is a tape, adding each investment individually, and the total is - \$10,302.76. Please find my check enclosed in the amount of - \$206.06, which represents two percent of the total invested to date.

Thanks for your cooperation, and I will be looking forward to hearing from you son.

Cordially,
MILBANK TRADING CO., INC.

Carl Walden
Carl Walden

CW/pg

1,296.36
 1,294.02
 1,293.76
 1,291.68
 1,272.96
 3,853.93
 10,302.76 T

March 31, 1969

Mrs. Miriam Sor.
 1616 Walton Ave.
 Bronx, New York

Dear Mrs. Sorsch

Enclosed please find a photocopy of the specifications for each barrel of SCOTCH WHISKY, which has been transferred from our stock, and is now registered in your name. Also our check, in the amount of \$27.04, covering the shortage of 10.4 gallons.

I have also taken the liberty of enclosing some additional information about SCOTCH WHISKY, which I am certain you will find interesting and enlightening.

It is our policy to keep you informed with any information regarding market trends, etc., which is pertinent to SCOTCH WHISKY. We will also remind you when your parcel of SCOTCH has reached maturity, and give you an opinion and advice as to disposition of your mature SCOTCH. When you wish to dispose of your parcel of SCOTCH, we will act as your agent and effect whatever disposition you wish. There will be no commission or broker's fee for this service.

I want to thank you for your order and inform you that any time you have any questions, or I can be of service to you in any way, you have only to call me, or drop me a note, and I will be pleased to comply.

Very truly yours,
 MILBANK TRADING CO., INC.

Carl Walden
 Investment Representative

CW/pg

cc-Mr. Sorscher

19 ROLLS COURT EAST ROUTE 46

LODI NJ 07644

MILBANK TRADING CO. NY 1003

FOR BULK / 20606

C
O
P
Y

March 31, 1969

Mr. Harry Abramowitz
550 Grand St.
New York, N.Y. 10002

Dear Mr. Abramowitz:

Enclosed please find the Title and a photocopy of the specifications for each individual barrel of SCOTCH WHISKY, which has been transferred from our stock, and is now registered in your name. Also our check, in the amount of \$8.32, covering the shortage of 3.2 gallons.

I have also taken the liberty of enclosing some additional information about SCOTCH WHISKY, which I am certain you will find interesting and enlightening.

It is our policy to keep you informed with any information regarding market trends, etc., which is pertinent to SCOTCH WHISKY. We will also remind you when your parcel of SCOTCH has reached maturity, and give you an opinion and advice as to disposition of your mature SCOTCH. When you wish to dispose of your parcel of SCOTCH, we will act as your agent and effect whatever disposition you wish. There will be no commission or broker's fee for this service.

I want to thank you for your order and inform you that anytime you have any questions, or I can be of service to you, you have only to call me or drop me a note, and I will be pleased to comply.

Very truly yours,
MILBANK TRADING CO., INC.

Carl Walden
Investment Representative

CW/pg

cc-Mr. Sorscher

C
O
P
Y

May 19, 1969

Mr. Walter Gingold
2321 Wallace Avenue
B88ax, New York

Dear Mr. Gingold:

Enclosed please find the Title and a photocopy of the Specifications for each individual barrel of SCOTCH WHISKY, which has been transferred from our stock, and is now registered in your name. Also our check in the amount of \$15.60, covering the 6 gallons short. The remaining Documentation will be forwarded to you just as soon as received from Scotland.

I have also taken the liberty of enclosing some additional information about SCOTCH WHISKY, which I am certain you will find interesting and enlightening.

It is our policy to keep you informed with any information regarding market trends, etc., which is pertinent to SCOTCH WHISKY. We will also remind you when your parcel of SCOTCH has reached maturity, and give you an opinion and advice as to disposition of your mature SCOTCH. When you wish to dispose of your parcel of SCOTCH, we will act as your agent and effect whatever disposition you wish. There will be no commission or broker's fee for this service.

I want to thank you for your order and inform you that anytime you have any questions, or I can be of service to you in any way, you have only to call me, or drop me a note, and I will be pleased to comply.

Very truly yours,
MILBANK TRADING CO., INC.

Carl Walden
Investment Representative

CW/pg

cc-Mr. Sorscher

MILBANK TRADING CO., INC.

214-26 41ST AVENUE
BAYSIDE, N. Y. 11361

July 29, 1969

Mr. Herbert Sorscher
55 W. 55th Street
New York, N. y.

Dear Herb:

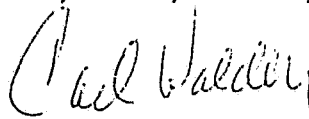
Enclosed are the remaining documents, and photo copies of same for your files for the Scotch Whisky purchases made by Seymour Leibler, Norman Friedman and Walter Gingold.

Will you please forward these documents to the proper owners:

I have also enclosed several reprints of the newspaper article you requested.

When you are ready to meet with me, just let me know and I will be pleased to do so.

Very Truly Yours,



Carl Walden

May 26, 1970

Mr. Harry Abramowitz
550 Grand St.
New York, NY 10002

Dear Mr. Abramowitz:

In reference to your request to liquidate your holdings of ten barrels of Dec. 1968 Scotch Whisky. I have a Dr. Milton Grover who wants to buy it for \$2.80 per gallon.

I have enclosed three (3) Title forms for your signature. Will you please affix your signature where indicated, on the lower right side of each form and return them to me, along with the Transfer Warrant, Title, and both Lloyds Insurance Certificate for the Scotch you own.

As soon as I receive these I will arrange to get Dr. Grover's check made out to you in the amount of -\$1391.64.

If I can be of service to you at any future date, please let me know.

Very truly yours,

Carl Walden

cw/pg

cc-Mr. Sorscher



HERBERT SORSCHER

CERTIFIED PUBLIC ACCOUNTANT

55 WEST 42ND STREET

NEW YORK, N. Y. 10036

WISCONSIN 7-2821

September 30, 1969

Mr. Hugo K. Wendel
1001 Nicholas Avenue
Union New Jersey 07083

Dear Mr. Wendel :

Mr. Walden of Milbank Trading Co. Inc., in the process of soliciting investments from some of my clients for investments in Scotch Whiskey has indicated that he recently liquidated a similar investment for you at a profit on a short term basis.

Prudent counselling on my part dictates the possible need for a verification of this matter and I trust you will not feel it presumptuous of me in requesting same.

Naturally any information you may supply will be held in the strictest of confidence .

Thank you for your kind cooperation in this respect.

Sincerely,

Herbert Sorscher
Certified Public Accountant

HS:aa



June 4, 1970

Mr. Harry Abramowitz
550 Grand St.
New York, NY 10002

Dear Mr. Abramowitz:

I am enclosing Dr. Milton Grover's check in the amount of \$1391.04, made out in your favor. This check represents full payment for your ten (10) barrels of Scotch Whisky.

If you find, in the future, that conditions permit you to get back into Scotch, let me know.

Very truly yours,

Carl Walden
Carl Walden

CW/pg

cc-Mr. H. Sorscher





trading co., inc.

September 12, 1969

Mr. Hugo K. Wendel
1001 Nicholas Avenue
Union, New Jersey 07083

Dear Mr. Wendel:

This will confirm our agreement of last week, Thursday, for the purchase of your seventy (70) barrels of SCOTCH. Thirty of these you have owned for about one year, and the other forty (40) for about seven months.

Your total investment amounted to \$9363.36, and we are pleased to enclose our - \$10,419.00 check - in full for the repurchase of same.

The above gives you a nice Capital Gain profit of - \$1055.64, or better than 11% for an average period of less than ten months.

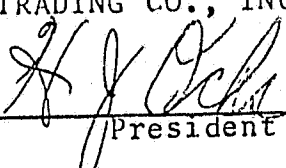
We acknowledge your letter and enclosures of the 4th inst., and same are now being processed in Scotland for the proper transfer.

We trust your present situation will soon be clarified, and that we can welcome you back on our books.

You no doubt are aware of the projected acute shortage of SCOTCH from 1972-73 onward, and trust you will be in a position to take advantage of same.

Very truly yours,
MILBANK TRADING CO., INC.

H.J.Ochs


President

HJO/pg

cc-Mr. Walden

MILBANK TRADING CO., INC. 214-26 41st Avenue, Bayside, N. Y. 11361 (212) 428-2655



William Mackay & Co.
Insurance Brokers
86 St Vincent Street
Glasgow C.2 Scotland

September 11, 1972

Milbank Trading Co. Inc.

310 Northern Boulevard

Great Neck N.Y. 11021

Gentlemen:

I represent a group of investors (myself included) who purchased approximately 200 barrels of Scotch Whiskey through your organization in 1969. It was our understanding at that time that these barrels will be maturing this year.

Not having heard from your organization relative to these maturing whiskeys, I have been delegated to inquire on their behalf (as well as my own) as to the method and procedures that will be involved as well as the appropriate time when these assets may be converted either to new holdings or liquidated as the case may be.

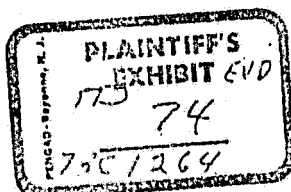
Please inform us as to what we may look forward to in the way of either choice and when these actual transfers or liquidations (at our option) will take place.

Thank you for your cooperation.

Sincerely,

Herbert Sorscher

HS:aa





January 24, 1972

Mr. Herbert Sorscher
146 E. 86 St.
Brooklyn, NY 11236

Dear Herb:

Please be advised that Milbank Trading Co., Inc.
has insured all barrels for four years.

If and when your insurance, or that of any client,
expires, you will be notified in advance.

Very truly yours,

Carl Walden
Carl Walden



MILBANK TRADING CO., INC.
310 NORTHERN BOULEVARD
GREAT NECK, N.Y. 11021

Mr. Herbert Sorscher

146 E. 86 St.

Brooklyn, NY 11236

September 29, 1972

Mr. Deeb
Milbank Trading Co. Inc.
175 Greenwich Avenue
Greenwich Conn. 06830

Dear Mr. Deeb:

I have been referred to you as the individual who is in a position to supply me with the information as indicated below.

I represent a group of investors (myself included) who purchased approximately 200 barrels of Scotch whiskey through your organization in 1969. It was our understanding at that time that these barrels will be maturing this year.

Not having heard from your organization relative to these maturing whiskeys, I have been delegated to inquire on their behalf (as well as my own) as to the method and procedures that will be involved as well as the appropriate time when these assets may be converted either to new holdings or liquidated as the case may be.

Please inform us as to what we may look forward to in the way of either choice and when these actual transfers or liquidations (at our option) will take place.

Incidentally Mr. Carl Waldin originally handled this transaction for our accounts.

Thank you for your cooperation .

Sincerely,

Herbert Sorscher

HS:aa



May 11, 1973

Mr. Carl Walden
Scotch Whiskey Exchange Ltd.
3201 Kanelworth Drive
Atlanta Georgia 30344

Dear Carl,

Since that last conversation we had in December by telephone and after having received the list of brokers from you I have corresponded with them and the result is a very bad taste in the mouth all the way around.

The very best offer we have to date is approximately 70% of our original cost.

It seems kind of funny that all of a sudden Milbank doesn't want to know us anymore, you are to some extent denying all responsibility of servicing our requirements and we have to deal on our own with all of these investments which between my clients and Dr. Eisenbaum's group aggregate more than 400 barrels.

For your information and to refresh your memory I am enclosing photocopy of just one letter sent to one of my clients (every client received it) indicating a pious promise by Milbank "When you wish to dispose of your parcel of SCOTCH we will act as your agent and effect whatever deal with you wish. There will be no commission or broker's fee for this service."

What happened to this promise?

There is also a letter on Milbank stationery under your signature (copy furnished on request) dated 1969 and various other letters dated 1970 and 1971 offering to sell 1969 Whiskey at prices of \$2.30 and \$2.70 and one of yours offering to buy 1968 at \$2.75. Tell me Carl was this all, Don?

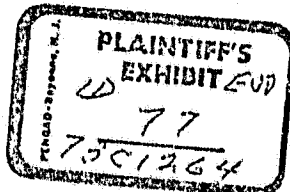
Now the point is this. Does Milbank intend to keep its promise about servicing our requirements and exactly what is this situation with you and them? Until this moment they are disclaiming any obligation. I am not concerned with internal agreements as to territories of corporate areas etc.

May I suggest that you contact the powers that be in Milbank and get them straight as to our requirements and their obligations to us.

Please let me know without any undue delay what Milbank will do for you with respect to this. I have to have definite answers.

I will be waiting for your reply.

Sincerely,



H. P. W. W. W.

BAHAMA ISLANDS

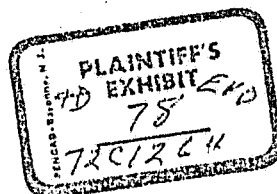
New Providence.

I, Alfred Paul of the Eastern District of the Island of New Providence, Messenger, make oath and say that I was present and saw Edward Dawson Roberts, Attorney-at-Law, Isabelle B. Russell, Secretary, Linda Margaret Snow, Secretary, Byrl Eleanor Collins, Secretary and Enid Phyllis Lowe, Secretary, all of the said Island of New Providence, sign and deliver the annexed Memorandum of Association dated the 24th day of July, A.D., 1967 for the purposes therein mentioned; and that I subscribed my name as the witness to the due execution thereof.

Sworn to this 26th day)
of July, A.D., 1967.)

Before me,

[Signature]
Reg. Asst. Registrar General.

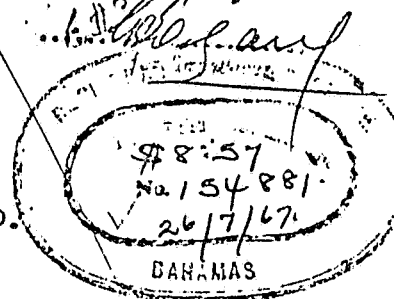


MEMORANDUM OF ASSOCIATION
OF
SCOTCH EXCHANGE LIMITED.

PUBLIC TREASURY
STAMP DUTY PAID

Thirty Seven
Journal 6305
37.14 26/7/67

The Companies Act.
Company Limited by Shares.



1. The name of the Company is SCOTCH EXCHANGE LIMITED.
2. The Registered Office of the Company will be situate in the Bahama Islands, in the Island of New Providence.
3. The objects for which the Company is established are:-
 - (1) To build or otherwise acquire and to operate and manage, hotels, apartment houses, holiday camps, holiday villages, and any other business providing lodging and/or board and/or entertainment in the Bahama Islands and any other place or places.
 - (2) To carry on any other business directly or indirectly connected with the operation and management of hotels, holiday camps, holiday villages, and the provision of lodging, board and entertainment, and without prejudice to the generality of the foregoing works, to carry on the business of hotel, holiday camp, holiday village, restaurant, cafe, tavern, beer-house, refreshment-room, and lodging-house keepers, licensed victuallers, wine, beer and spirit merchants, manufacturers and importers of aerated, mineral, and artificial waters and other drinks, purveyors, caterers for public amusements generally, proprietors of airplanes, vessels, motor and other vehicles, garage proprietors, livery-stable keepers, job-masters, farmers, poultry and pig raisers, dairymen, ice manufacturers and merchants, producers, importers and brokers of food, live and dead stock, and colonial and foreign produce of all descriptions, hairdressers, per-

fumers, chemists, dry cleaners, proprietors of clubs, baths, dressing rooms, laundries, reading, writing and newspaper rooms, libraries, grounds, and places of amusement, recreation, sport, entertainment, and instruction of all kinds, general merchants, agents for air, railway and shipping companies and carriers, cinema, theatrical, and opera proprietors and operators, and entrepreneurs and general agents, and any other business which can be conveniently carried on in connection therewith.

- (3) To purchase, take on lease or hiring agreement, or in exchange, or otherwise acquire and to hold any lands and buildings in the Bahama Islands or elsewhere, and any estate or interest in, and any rights connected with, any such lands and buildings and to pay for the same in money or in the shares or other securities of the Company, and to sell, lease, let on hire, develop such property or otherwise turn the same to the advantage of the Company.
- (4) To develop and turn to account any land acquired by or in which the Company is interested, and in particular by laying out and preparing the same for hotels, holiday camps, holiday villages, apartments, motels, houses and other building purposes, constructing, altering, fitting up, and improving buildings, and by planting, paving, draining, farming, and cultivating the same, and by advancing money to, and entering into contracts and arrangements of all kinds with builders, tenants, and others.
- (5) To construct, maintain, improve, develop, work, control, operate and manage any waterworks, gasworks, reservoirs, electric power and light supply works, telephone works, hotels, holiday camps, holiday villages, clubs, restaurants, baths, swimming pools, places of worship, places of amusement, pleasure grounds, race-tracks, totalisators, parks, gardens, reading rooms, stores, shops, farms, dairies, bakeries, stables, garages and other works and

conveniences which the Company may think directly or indirectly conducive to these objects, and to contribute or otherwise assist or take part in the construction, maintenance, development, working, control and management thereof, and without limiting the generality of the foregoing, to construct, lay down, establish, fix and carry out all necessary pipes, cables, wires, lines, accumulators, meters, and other works necessary to pump, generate, accumulate, store, distribute, and supply water, gas, electrical, and telephone services of every kind to cities, towns, streets, buildings, and places both public and private, and to charge for the supply of any such services, and to deal in all materials and apparatus required for or capable of being used in connection therewith.

- (6) To construct, improve, maintain, work, manage, carry out, or control any roads, pavements, ways, tramways, omnibus lines, railways, branches or sidings, bridges, watercourses, manufactories, wharves, docks, and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests, and to contribute to, subsidise, or otherwise assist or take part in the construction, improvement, maintenance, working management, carrying out, or control thereof.
- (7) To carry on all or any of the following businesses, namely, builders and contractors, decorators, merchants and dealers in stone, sand, lime, bricks, concrete blocks, lumber, timber, hardware and other building materials and requisites.
- (8) To purchase, charter, hire, take in exchange, build or otherwise acquire and hold sailing, steam, motor, air and other ships, or vessels with all equipments and furniture, or any shares or interests in ships or vessels, and also shares, stocks, and securities of any companies

possessed of or interested in, any ships or vessels, and to maintain, repair, alter, sell, exchange, or let out to hire or charter, or otherwise deal with and dispose of any such ships, vessels or shares or securities as aforesaid.

- (9) To employ the said ships or vessels in the conveyance of passengers, mails, and cargo between any ports or places in the said Bahama Islands, or in any other part of the world as may seem expedient and to tender for and acquire any postal or other subsidies.
- (10) To employ as ships husband and managing agent any person, firm or company, whether limited or not, and that although he or they may not be entitled to any share or interest in the said ships or vessels or in the company.
- (11) To construct and establish harbours, docks with patent and other slips, workshops, joinery shops, building, machinery, warehouses, and other conveniences, and to carry on the business of proprietors of docks, wharves, jetties, piers, warehouses, stores, and of engineers, dredgers, tug-owners, and other businesses which can be conveniently carried on in connection with the above.
- (12) To carry on the business of general merchants and traders, carriers by land, air and water, shipowners, warehousemen, wharfingers, lightermen, stevedores, and forwarding agents.
- (13) To lend money, either with or without security, and generally to such persons and upon such terms and conditions as the Company may think fit, and in particular to persons undertaking to build on or improve any property in which the Company is interested, and to tenants, builders, and contractors.
- (14) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, to assume liability under, acquire by purchase or otherwise, and to hold, either as principals or agents and absolutely as

owners, or by way of collateral security, or otherwise, and to sell, mortgage, pledge, convert, exchange or otherwise dispose of or deal in stock, shares, bonds, debentures, and other securities or obligations of any government, municipal or other authority, or any industrial, commercial, financial, or other company, and to issue paid up shares in payment or part payment of the purchase price of any stock, shares, bonds, debentures, or other securities or obligations acquired by the Company.

- (15) To purchase or otherwise acquire, and to hold, sell, exchange, lease, mortgage, pledge, charge, convert, turn to account, dispose of, and deal with property and rights of all kinds; and in particular mortgages, debentures, debenture stock, stock, shares, bonds, patents, concessions, policies, options, contracts, produce, book debts, business concerns and undertakings, and claims, privileges, and choses in action of all kinds.
- (16) To insure with any other company or person against losses, damages, risks and liabilities of all kinds which may affect this Company.
- (17) To carry on any kind of manufacture or trade, and to buy, sell and deal in goods, wares and merchandise of all kinds.
- (18) To carry on a general financial agency, investment and brokerage business, and to act as agents and brokers for the purchase, sale, improvement, and management of any property, estate, business, or undertaking.
- (19) To act as agents and brokers for any individual, company, firm, or court of law, for the investment, loan, payment, transmission, and collection of money, and to take, receive, hold, transfer, and convey all property, real or personal which may be granted, conveyed, or committed to this Company.

- (20) To act as agents or attorneys for the transaction of any business, the investments and collection of moneys, rents, interests, dividends, mortgages, bonds, bills, notes, and other securities.
- (21) To guarantee or become liable for the payment of money, or for the performance of any obligations.
- (22) To advance, deposit, or lend money, securities, and property, to or with such persons and on such terms as may seem expedient, and to discount, buy, sell, and deal in bills, notes, warrants, coupons, and other negotiable or transferrable securities or documents.
- (23) To promote, organize, manage, or develop, or to assist in the promotion, organization, management, or development of any company, syndicate, enterprise, or undertaking.
- (24) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (25) To acquire and undertake the whole or any part of the business, property, and liabilities of any person or company carrying on any business which this Company is authorized to carry on, or possessed of property suitable for the purposes of this Company.
- (26) To take, or otherwise acquire, and hold shares in any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- (27) Generally to purchase, take on lease or in exchange, hire, or otherwise acquire, any real and personal property, and any rights or privileges which the Company may think necessary or convenient for the purposes of its business; and to construct, maintain and alter any buildings, or works, necessary or convenient for the purposes of this Company.

- (28) To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- (29) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures, mortgages, or other securities of any other company having objects altogether or in part similar to those of this Company.
- (30) To enter into partnership or into any arrangement for sharing profits, union of interests, cooperation, joint adventure, reciprocal concession, or otherwise, with any person or company carrying on or engaged in, or about to carry on or engage in, any business or transaction which this Company is authorized to carry on or engage in, or any business or transaction capable of being conducted so as to directly or indirectly benefit this Company.
- (31) To amalgamate with any other company having objects altogether or in part similar to those of this Company.
- (31) To enter into any arrangements with any governments or authorities, supreme, municipal, local, or otherwise, that may seem conducive to the Company's objects, or any of them; and to obtain from any such government or authority, any rights, privileges, and concessions which the Company may think it desirable to obtain, and to carry out, exercise, and comply with any such arrangements, rights, privileges, and concessions.
- (33) To obtain any provisional Order or Act of the Legislature for enabling the Company to carry any of its objects into effect, or for effecting any modification of the Company's constitution, or for any other purpose which may seem expedient, and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

- (34) To draw, make, accept, indorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
- (35) To invest and deal with the moneys of the Company not immediately required upon such securities, and in such manner as may from time to time be determined; and to lend money to such persons and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company, and to guarantee the performance of contracts by any such persons.
- (36) To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, or debenture stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital, and to redeem or pay off such securities.
- (37) To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account, or otherwise deal with, all or any part of the property or rights of the Company.
- (38) To remunerate any person or company for services rendered, or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital, or any debentures or other securities of the Company, or in or about the formation or promotion of the Company or the conduct of its business.
- (39) To adopt such means of making known the business of the Company as may seem expedient.
- (40) Generally to do all such other acts and things as the Company may think incidental or conducive to the attainment of the above objects or any of them.
- (41) To do all or any of the above things in any part of the world, and as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, or otherwise, and either alone or in conjunction with others.

(42) To distribute any of the property of the Company "in specie" among the members.

4. The liability of the members is limited.

5. The capital of the Company is B\$ 5,000.00 divided into 5,000 shares of B\$1.00 each, with power to divide the shares in the capital for the time being into several classes, and to attach thereto respectively any preferential, deferred, qualified, or special rights, privileges, or conditions and to modify or deal with in the manner mentioned in Clause 26 of the accompanying Articles of Association, but not otherwise, any rights for the time being attached to any class or classes of shares in the Company so that Clause 26 of the said Articles shall be deemed to be incorporated herein and have effect accordingly,

Name, Addresses and Descriptions of Subscribers.	Number of Shares taken by each Subscriber.
<p>1. <i>Shirley Ann R. R. R.</i> Nassau, Bahamas, Attorney-at-Law,</p>	One
<p>2. <i>W. C. B. R. R.</i> Nassau, Bahamas, Secretary.</p>	One
<p>3. <i>Linda M. Snow</i> Nassau, Bahamas, Secretary.</p>	One
<p>4. <i>Reg. Clara Callis</i> Nassau, Bahamas, Secretary.</p>	One
<p>5. <i>Eric Phyllis Love</i> Nassau, Bahamas, Secretary.</p>	One
Number of Shares taken	Five

DATED the TWENTY-FOURTH day of JULY, A.D., 1967.

WITNESS TO THE ABOVE SIGNATURES:

CHC

BAHAMA ISLANDS,

Registrar General's Office.

I certify the foregoing to be a true copy of the original deposited in this office.

24/7/73

Registrar General

No. 11,552/67

BAHAMA ISLANDS, NEW PROVIDENCE

I, LLOYD IFILL, Acting Assistant.....

Registrar General for the Bahama Islands, do hereby certify that a Memorandum of

Association of SCOTCH EXCHANGE LIMITED.

..... has this day been registered in my office under the
provisions of The Companies Act (Ch. 124)

Whereby the said Parties have become and are an incorporated Company under
the name and style of SCOTCH EXCHANGE LIMITED.

And I further certify that the Liability of the said Company is Limited.

Given under my hand at the City of Nassau the 26th day of

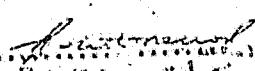
JULY, A.D., 19 67


Ag. Asst. Registrar General.

BAHAMA ISLANDS,
Registrar General's Office.

I certify the foregoing to be a true copy of the
original deposited in this office.

24/7/73


Registrar General

COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS
OF DIRECTORS or Managers

Carmen Whan
Freeport, Grand Bahama

President & Director

Ellen Weinstein
Freeport, Grand Bahama

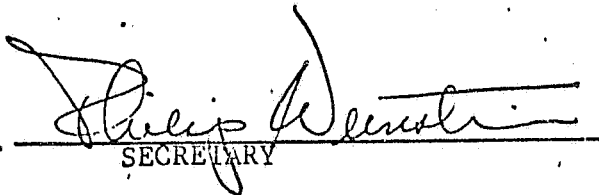
Vice-President and
Director

Philip Weinstein
Freeport, Grand Bahama

Secretary-Director

Joseph La Monica
Freeport, Grand Bahama

Director

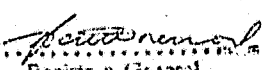

SECRETARY

N.B.- This statement must be sealed with the Company's Seal.
Changes in Directors or managers must be notified from
time to time as they occur.

BAHAMA ISLANDS,
Registrar General's Office.

I certify the foregoing to be a true copy of the
original deposited in this office.

24/7/72


Registrar General

11,552/67

SCOTCH EXCHANGE LIMITED Company, Limited


STATEMENT

made up to the 6th day of FEBRUARY 19 73
 being the fourteenth day succeeding the day of the Ordinary general meeting
 or the First Ordinary general meeting in 19 73 showing the following
 particulars:

Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
WHAN, Carmen	Freeport, G. B.	Secretary	4,995
WEINSTEIN, Philip	" "	Businessman	1
LA MONICA, Joseph	" "	"	1
WEINSTEIN, Sylvia	" "	Clerk	1
WEINSTEIN, Ellen	" "	Secretary	1
DONAHUE, MATTHEW	" "	Businessman	1

1. Amount of capital	B\$ 5,000.00
2. Number of shares into which capital is divided	5,000 at B\$1.00 each
3. Number of shares taken from commencement of company to date	5,000
4. Amount of calls made on each share	none
5. Total amount of calls received	none
6. Total amount of calls unpaid	none
7. Total amount of shares forfeited	none
8. Registered Number of the Company	11,552/67

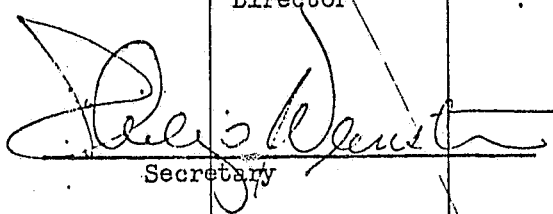
Persons who have ceased to be members since last return was made.

Names	Addresses	Occupations	Shares held by each
			

(Turn Over)

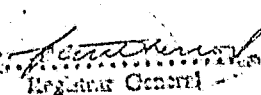
STATEMENT

made _____ day of _____ 19 _____ being the fourteenth day succeeding the date of the Ordinary general meeting or the First Ordinary general meeting in 19 _____, showing the following particulars:

Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS OF DIRECTORS OR MANAGERS			
CARMEN WHAN	Freeport, Grand Bahama	President and Director	
ELLEN WEINSTEIN	"	Vice-President and Director	
PHILIP WEINSTEIN	"	Secretary-Director	
JOSEPH LA MONICA	"	Director	
 Secretary			

1. Amount of Capital
2. Number of shares into which capital is divided
3. Number of shares taken from commencement of company to date
4. Amount of calls made on each share
5. Amount of calls received
6. Total amount of calls unpaid
7. Total amount of shares forfeited.

Persons who have ceased to be members since last return was made.

Names	Addresses	Occupations	Shares held by each
BAHAMA ISLANDS, Registrar General's Office. I certify the foregoing to be a true copy of the original deposited in this office.			
 Registrar General			
4/7/73			

No. 11,552/67

STATEMENT SCOTCH EXCHANGE LTD.

made up to the 29TH day of FEBRUARY 1972 being the fourteenth day succeeding the date of the Ordinary general meeting or the First Ordinary general meeting in 19 72 , showing the following particulars:

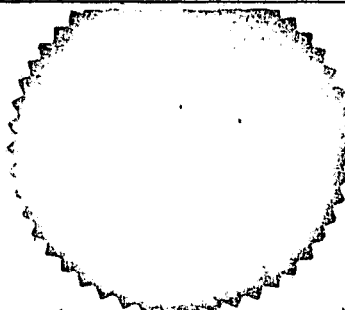
Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
WHAN, Carmen	Freeport, G. B.	Secretary	4,994
WEINSTEIN, Philip	" "	Businessman	1
LA MONICA, Joseph	" "	"	1
WEINSTEIN, SYLVIA	" "	Clerk	1
WEINSTEIN, Ellen	" "	Secretary	1
DONAHUE, Matthew	" "	Businessman	1
DONAHUE, Anita	" "	Investor	1

1. Amount of Capital	B\$ 5,000.00
2. Number of shares into which capital is divided	5,000 at B\$ 1.00 each
3. Number of shares taken from commencement of company to date	5,000
4. Amount of calls made on each share	none
5. Amount of calls received	none
6. Total amount of calls unpaid	none
7. Total amount of shares forfeited.	none
	11,552/67

Persons who have ceased to be members since last return was made.

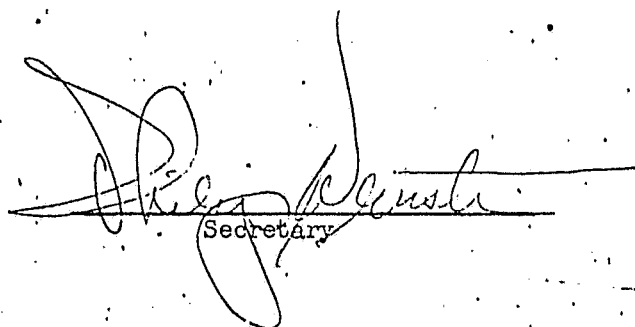
Names	Addresses	Occupations	Shares held by each
NONE			





COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS
OF DIRECTORS OR MANAGERS

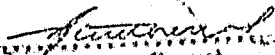
Carmen Whan Secretary	Freeport, Grand Bahama	President and Director
Ellen Weinstein	"	Vice-President and Director
Philip Weinstein	Freeport Grand Bahama	Secretary- Director
Joseph La Monica	"	Director


Secretary

N.B.-This statement must be sealed with the Company's Seal.

Changes in directors or managers must be notified from time to time as they occur.

BAHAMA ISLANDS,
Registrar General's Office.
I certify the foregoing to be a true copy of the
original deposited in this office.


Registrar General

No. 11,552/67SCOTCH EXCHANGE ~~XXXXXXXX~~ Company, Limited

STATEMENT

made up to the 2nd day of August 19 71
 being the fourteenth day succeeding the day of the Ordinary general meeting
 or the First Ordinary general meeting in 19 71 showing the following
 particulars:

Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
CARMEN WHAN	Freeport, G.B.	Secretary	4,995
Philip Weinstein	" "	Businessman	1
Joseph, La Monica	" "	"	1
Sylvia Weinstein	" "	Clerk	1
Ellen Weinstein	" "	Secretary	1
Matthew Donahue	" "	Businessman	1
Anita Donahue	" "	Investor	1

(1.) Amount of capital.	B\$ 5,000.00
(2.) Number of shares into which capital is divided	5,000 at B\$ 1.00 each
(3.) Number of shares taken from commencement of company to date.	5,000
(4.) Amount of calls made on each share.	none
(5.) Total amount of calls received.	none
(6.) Total amount of calls unpaid.	none
(7.) Total amount of shares forfeited.	none
(8.) Registered Number of the Company.	11,522-67

Persons who have ceased to be members since last return was made.

Names	Addresses	Occupations	Shares held by each
Wong, Jack	Freeport G.B.	Businessman	4,996
Russell, Isabelle B	Nassau, Bahamas	Secretary	1
Snow, Linda Margaret	" "	"	1
Collins, Byrl Eleanor	" "	"	1
Lowe, Enid Phyllis	" "	"	1

(Turn Over)

COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS
OF DIRECTORS OR MANAGERS

Gerald N. Capps, Freeport, Grand Bahama, Attorney
President, Treasurer and Director.

Dena Lippy, Freeport, Grand Bahama, Secretary
Vice-President, Secretary and Director.

Dena Lippy

Secretary.

BAHAMA ISLANDS,
Registrar General's Office.

I certify the foregoing to be a true copy of the
original deposited in this office.

24/7/73

[Signature]
Registrar General

N.B.—This statement must be sealed with the Company's Seal.

Changes in directors or managers must be notified from time to
time as they occur.

11,552/67

SCOTCH EXCHANGE

Company Limited

STATEMENT

made up to the 9th day of August, 1967
 being the fourteenth day succeeding the day of the Ordinary general
 meeting of the First Ordinary general meeting in 19, 67, showing
 the following particulars:

Surnames and Christian Names of Members of Company	Addresses	Occupations	Shares held by each
Edward Dawson Roberts	Nassau, Bahamas	Attorney	1
Isabelle B. Russell	" "	Secretary	1
Linda Margaret Snow	" "	" "	1
Byrl Eleanor Collins	" "	"	1
Enid Phyllis Lowe	" "	"	1

(1.) Amount of capital.

B\$5,000

(2.) Number of shares into which capital is divided.

5,000

(3.) Number of shares taken from commencement of company to date.

5

(4.) Amount of calls made on each share.

NIL

(5.) Total amount of calls received.

NIL

(6.) Total amount of calls unpaid.

NIL

(7.) Total amount of shares forfeited.

NIL

(8.) Registered Number of the Company.

11,552/67

Persons who have ceased to be members since last return was made.

Names	Addresses	Occupations	Shares held by each
N I L			

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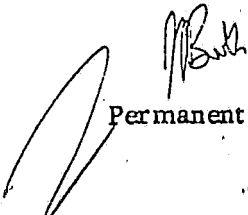
- 2 -

Mr. Lawrence M. Wynne

20th May, 1970

Will you please let me have, in due course, a certificate from the Registrar General when the company has been registered and evidence from the company's auditors that the shares have been issued and paid up in cash.

Yours faithfully,

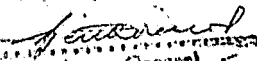

Permanent Secretary.

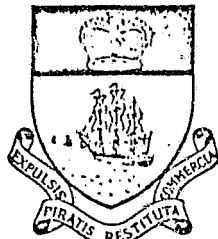
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BAHAMAS ISLANDS,
Registrar General's Office.

I certify the foregoing to be a true copy of the original deposited in this office.

24/7/73


Registrar General



MINISTRY OF FINANCE

P.O. Box 4868

NASSAU, BAHAMAS

NO. _____ FIN.402.364

IN REPLYING PLEASE
QUOTE THIS NUMBER

OFFICE OF THE MINISTER

20th May, 1970

Mr. Lawrence M. Wynne
Post Office Box 270
FREEPORT, G.B.I.
Bahamas

Dear Sir:

Re: First Credit Bank Limited

Further to correspondence and discussions in this connection, I am directed to inform you that Government has agreed that, in accordance with section 6 of The Banks and Trust Companies Regulation Act, a company entitled "First Credit Bank Limited" may be registered and may remain registered provided that within two months of the date of registration it has been licensed.

It has further been agreed that, in accordance with section 5 of that Act, First Credit Bank Limited may issue shares to the value of \$320,000 to, or to nominees of, Philip Weinstein, and shares to the value of \$80,000 to, or to nominees of, Norman Weinstein.

It has also been agreed that provided it has been incorporated and the shares referred to above have been issued and fully paid up in cash, then First Credit Bank Limited may be licensed to carry on banking and trust business subject to the conditions that:

- (i) it does not solicit or receive funds from the public;
- (ii) it does not receive funds from, or carry on trust business on behalf of, any person unless such person is:
 - (a) One of its shareholders;
 - (b) A company owned and controlled by one or more of its shareholders, or a shareholder of any such company.

...../

No. 11,552/67

SCOTCH EXCHANGE ~~XXXXX~~ Company, Limited

STATEMENT

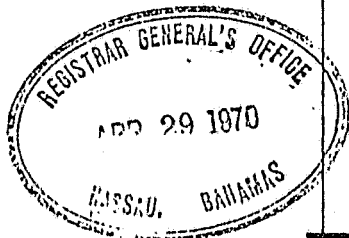
made up to the 7th day of August, 1969
being the fourteenth day succeeding the day of the Ordinary general meeting
~~of the First Ordinary general meeting in 1969~~ showing the following
particulars:

Surnames and Christian Names of Members of Company	Addressee	Occupations	Shares held by each
Jack Wong	Freeport, G.B.	Businessman	4,996
Isabelle B. Russell	Nassau, Bahamas	Secretary	1
Linda Margaret Snow	" "	"	1
Byrl Eleanor Collins	" "	"	1
Enid Phyllis Lowe	" "	"	1

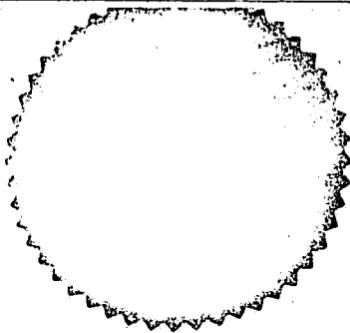
1. Amount of capital.	B\$5,000
2. Number of shares into which capital is divided.	5,000
3. Number of shares taken from commencement of company to date.	5,000
4. Amount of calls made on each share.	NIL
5. Total amount of calls received.	NIL
6. Total amount of calls unpaid.	NIL
7. Total amount of shares forfeited.	NIL
8. Registered Number of the Company	11,552/67

Persons who have ceased to be members since last return was made.

Names	Addressee	Occupations	Shares held by each
NIL			



(Turn Over)



COPY OF REGISTER SHOWING THE NAMES, ADDRESSES AND OCCUPATIONS
OF DIRECTORS OR MANAGERS

Joseph La Monica, Freeport, Grand Bahama, Businessman
President and Director

Sidney B. Gilbert, Freeport, Grand Bahama, Businessman
Vice-President and Director

Jack Wong, Freeport, Grand Bahama, Businessman
Secretary, Treasurer and Director.

SECRETARY.
Jack Wong

BAHAMA ISLANDS,
Registrar General's Office.

I certify the foregoing to be a true copy of the
original deposited in this office.

27/7/73

James A. Smith
Registrar General

N.D.—This statement must be sealed with the Company's Seal.

Changes in directors or managers must be notified from time to time as they occur.

24/7/73

Registre General

24/7/73

Registrar General

4

Reg. No. 1 1,552/67

26th July, 1967.

Nassau, Bahama

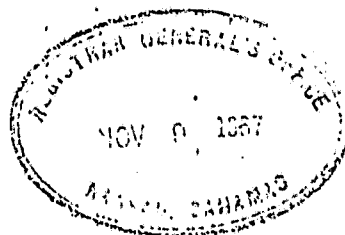
The Registrar General,
The Registry,
Nassau.

Dear Sir:

Pursuant to the provisions of Section 33 of The Companies Act, I have the honour to inform you that the Registered Office of SCOTCH EXCHANGE LIMITED is situate in the Chambers of E. Dawson Roberts on the Southwest Corner of Bay and Mackey Streets in the City of Nassau in the Island of New Providence.

Yours obediently,

Dana Lippy
Secretary.



BAHAMAS ISLANDS,
Registrar General's Office.
I enclose the foregoing to be a true copy of the original deposited in this office.

24/7/73